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## Latin America Report

No. 2261

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FOREIGN BROADCAST INFORMATION SERVICE

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**NOTE FROM THE DIRECTOR, FBIS:**

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On behalf of all of us in FBIS I wish to express appreciation to our readers who have guided our efforts throughout the years.

27 February 1981

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No. 2261

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## ARGENTINE GAS SALES NEGOTIATIONS WITH BRAZIL, URUGUAY CONTINUE

Buenos Aires CLARIN in Spanish 22 Jan 81 p 11

[Text] The negotiations relating to sales of Argentine gas to Brazil and Uruguay "are moving forward actively," Energy Secretary Daniel Brunella reported yesterday.

He disclosed that at that very moment officials sent by the ministry were meeting with their Brazilian counterparts to carry the negotiations forward, taking up, among other issues, the price that Argentina will charge for its natural gas.

As to Uruguay, Brunella disclosed that "the bidding program is being drawn up" and that he would meet in February with the Uruguayan energy minister to discuss the issue, including prices.

## Amounts

When questioned about the amounts of gas being discussed, Brunella noted that Brazil has been offered 10 million cubic meters a day in summer (8 months) and 5 million cubic meters a day in winter (the 4 cold months when the pressure drops). To get an idea of the magnitudes involved, he explained, Argentina currently consumes 30 million cubic meters. This amount will rise sharply when the central-west gas pipeline goes on line, which at full capacity will supply an additional 18 million cubic meters. Between 1.5 and 3 million cubic meters a day will be supplied to Uruguay.

## Burn-Off

On a different topic, the energy secretary and the group of officials accompanying him were asked about the promotional prices for gas use in production centers, and they replied that they amounted to 60 percent of the industrial price in the Federal Capital. Brunella also predicted that the venting of the gas (in other words, burning it off) "is going to stop in a reasonable amount of time; it cannot be stopped all at once because that would mean halting oil production at many wells."

He predicted, however, that when the central-west gas pipeline is completed, the burn-off will be cut to two or three percent, "which is below the world average." He recalled that when the decision was made to build the gas pipeline,

reserves in Neuquen totaled 100 billion cubic meters but are now put at four times that amount. He said, furthermore, that the decision to build the north-east gas pipeline hinged on the amounts of gas found in Salta and Jujuy, which so far have not justified the construction of a 30-inch pipeline. Nevertheless, he stated, nine exploration rigs are at work in the area, and some results have already been achieved.

The officials pointed out this important fact: the construction of the central-west pipeline, together with the gas main linking Neuquen with Bahia Blanca, will complete the circle of a dual supply line into the Federal Capital.

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## PAPER SCORES DELAYS, DEFICIENCIES IN ENERGY PROGRAM

Buenos Aires CONVICCION in Spanish 14 Jan 81 p 8

[Editorial: "The Flaws in the Energy Program"]

[Text] We have referred on several occasions to the National Energy Projects Program, and not exactly to point out that it is a paragon of planning. On the contrary, we have found fault with it (and we have not been the only ones), in particular because it is too unrealistic to be of much use.

The program's major defect is that it projects our current electric power shortfall into the future. We are well aware that at present (and the facts bear us out) we have available very little more than what we really need, including normal reserves.

We feel that since no one can be that wrong, either in drawing up the program or in carrying it out, there prevails an absurd and anachronistic favoritism for thermal sources over hydroelectric sources, which can deliver permanent, nonpolluting energy at a much lower cost, thus cutting down on the use of non-renewable resources, which is the crux of the matter, and desperately so we would say, in today's world. Thus, the Basin Commission has carefully filed away the comprehensive Bermejo development project that Admiral Portillo painstakingly developed. The Middle Parana Project is proceeding at a pace that has little to do with its urgency, and as far as Yacyreta is concerned, we have not gotten much beyond discussions and paperwork, and the estimated date for it to go on line has now been pushed back further.

Before 1985, it was reported, we will need powerplants like this in six provinces that can put out at least 500 megawatts. Although we ought to acknowledge that some thought was given to minor hydroelectric developments, it is also true that the people in charge of the energy program are faced with the problem that while such powerplants are envisioned, they too are only at the paperwork stage. El Tambolar in San Juan was one of them, but there are now doubts that, no matter how fast the work is done, it can be completed in time to make up for the delays on Yacyreta.

We assume that if this preference for thermal sources of electric power did not exist, the National Energy Projects Program would be much more appropriate, as long as feasibility studies (which take too long) were ordered on all of the

potential sources of energy, small and large, that our richly-endowed geography provides us so that we could have them ready to make up for the frequent slipups and delays that beset the program. In this way we would be able to avoid having to resort in emergencies to the steam powerplants that are so disadvantageous today.

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## INDUSTRY ELECTRIC RATES TO BECOME MORE EQUITABLE

Buenos Aires LA OPINION in Spanish 14 Jan 81 p 7

[Text] The minister of economy has issued a resolution approving the recommendations submitted by the commission formed to set policy regarding rates for electric power when this is considered an industrial input.

The resolution was made public yesterday at a press conference by the technical undersecretary of industrial development, Dr Jorge Bustamante.

The Energy Secretariat will take appropriate steps to enforce the guidelines set down for the electric power companies subject to federal jurisdiction.

The approved guidelines call for the "continued application of current policy, which is that the electricity rates for each category of user should cover the costs of providing the service, and as a function of costs, ongoing refinement of the mechanism for markups and surcharges included in the rates."

Industrial rates will also be made uniform in all regions of the country, taking into consideration varying transmission costs, to the extent that the expansion of the national power grid enables generating costs to be equalized. In this regard, the recommendation is that the various jurisdictions refrain from promoting industry by having the electric power companies charge differing rates that do not reflect costs.

The resolution states that industrial consumers and industrial parks located very close to major powerplants will be charged a lower rate, inasmuch as "on top of the generating costs of the electric power grid, transmission costs are lower in such cases. The rates to be charged will be disclosed well in advance, so that guidelines can be set for business decisions."

Lastly, the commission underscores in its recommendations that the local taxes applied to industrial consumption of electrical energy cause major distortions and must, therefore, be eliminated, adding that it would be a good idea for this policy to be adopted as of the drafting of the national budget for 1981.

In commenting on the resolution, Dr Bustamante pointed out that "the results of 1979 and 1980 rate surveys show that in general rates in Argentina are competitive with the rest of the world, except Brazil, Canada, Mexico and Australia, if provincial taxes are not considered in the comparisons."

## FIGURES SHOW INDUSTRIAL ELECTRIC CONSUMPTION DOWN

Buenos Aires LA NACION in Spanish 20 Jan 81 p 12

[Text] Electric power consumption by industry was down over the first 11 months of 1980 from the same period in 1979. In the case of companies with contracted capacity of greater than 500 kilowatts (which represent only 7 percent of the total number of companies but 65 percent of overall industrial consumption), the drop was 3 percent, and for the 4,500 companies with an operating capacity of more than 50 kilowatts (which includes all of the companies subject to rates in the SEGBA [Greater Buenos Aires Electrical Services] concession area), the decline was 5.5 percent.

As we can see in the charts below, the cumulative industrial use of electric power up to November of last year was higher than during the same period in 1978 (a year that recorded negative GDP growth, we should mention) and similar to the 1977 level.

## Breakdown by Sectors

Table 1, which lists the largest companies, shows that all sectors, except the chemicals industry, recorded drops.

## Slight Increase

This industry registered a 2.2 percent rise in consumption over the first 11 months of 1980 in comparison to the same period in 1979. The sharpest decline was recorded by the basic metals industry, 15 percent.

Among the 4,500 companies with contracted capacity of more than 50 kilowatts (Table 2), the exceptions are the construction industry, with a 13.5 percent gain from November 1979 to November 1980, and the trade sector, with a 12.2 percent rise. Among these companies as well the biggest drop was recorded by the basic metals industry, 13.2 percent over the period in question.

Table 1: Energy Sales to Companies With Contracted Capacity of More Than 500 Kilowatts (November 1980)

Industry	In GWh	Percent Change						Average Cumulative Yearly Growth Rate (1976-80)
		Previous Month	Same Month Last Year	1980-1979	1980-1978	1980-1977	1980-1976	
Foodstuffs, beverages and tobacco	28.5	+11.8	-9.5	-6.0	+0.7	+6.2	+13.1	+3.1
Textiles	21.2	+7.6	-7.8	-6.7	+11.8	+10.8	+19.6	+4.6
Wood and wood products	2.6	-13.3	-13.3	-4.1	+9.7	+11.9	+36.1	+8.0
Paper and paper products	14.5	+1.4	-27.1	-11.8	+6.3	+3.1	+18.6	+4.4
Chemicals	34.0	+1.8	+4.3	+2.2	+11.4	+1.0	+9.2	+2.2
Nonmetal minerals	13.5	+1.5	-13.5	-4.4	+11.6	+5.2	+12.3	+2.9
Basic metals industries	25.1	-7.0	-33.6	-15.0	-9.0	-9.1	-1.3	-0.5
Metal products, equipment and machinery	27.5	-5.5	-11.0	-3.0	+5.0	-8.3	+3.5	+0.8
Total	166.9	+1.0	-14.1	-6.3	+4.1	-0.2	+9.1	+2.2

Table 2: Energy Sales to Industry, 4,500 Companies With Contracted Capacity of More Than 50 Kilowatts (November 1980)

Industry	In GWh	Percent Change						Average Cumulative Yearly Growth Rate (1977-1980)
		Previous Month	Same Month Last Year	1980-1979	1980-1978	1980-1977		
Foodstuffs, beverages and tobacco	43.7	+10.4	-8.4	-4.3	+2.2	+11.3	+3.7	
Textiles	35.3	+5.4	-9.7	-11.2	-1.9	-7.2	-2.5	
Wood and wood products	3.9	-7.1	-11.4	-4.9	+8.2	+7.6	+2.5	
Paper and paper products	19.0	+0.5	-23.7	-11.0	+3.1	+1.0	+0.3	
Chemicals	53.1	+1.7	+0.4	-0.04	+10.1	+4.6	+1.5	
Nonmetal minerals	19.4	+2.7	-9.4	-3.0	+7.9	-0.6	-0.5	
Basic metal industries	33.2	-4.9	-29.1	-13.2	-7.5	-10.8	-3.5	
Metal products, equipment and machinery	42.4	-3.2	-10.7	-2.0	+8.6	-3.1	-1.0	

Industry	In GWh	Previous Month	Percent Change			1980-1977	Average Cumulative Yearly Growth Rate (1977-1980)
			Same Month Last Year	1980-1979	1980-1978		
Other industries	0.7	+16.7	+16.7	+3.0	+13.1	+9.5	+3.1
Construction	1.0	0.0	+11.1	+13.5	+63.9	+110.7	+28.0
Trade	6.0	+13.2	+3.5	+12.2	+14.6	+16.6	+5.3
Total	257.7	+1.9	-11.7	-5.5	+3.5	+0.03	+0.1

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## NEW GAS PIPELINE TO BE COMPLETED BY YEAREND

Buenos Aires CLARIN in Spanish 22 Jan 81 p 10

{Text}



Key:

1. Central-west gas pipeline

The central-west gas pipeline will go on line towards the end of the year, supplying 5 million cubic meters a day, according to an official announcement last night.

Energy Secretary Daniel Brunella announced at a press conference that the gas pipeline currently being built at a rate of 7 kilometers a day would begin carrying gas by the end of the year.

Present at the conference were the chief executives of State Gas, led by its president, Sergio Martini, and representatives of the consortium that is building the pipeline and that will operate it on a toll basis for 15 years. Dutch and Argentine capital totaling a reported \$900 million is involved, and an average price of 2 cents on the dollar (in 1979 values) is expected to be charged per cubic meter of gas transported.

Brunella emphasized that "the state is not putting a single peso into or providing guarantees" for this project. Funds are thus being saved to help finance other projects "for which it is not that easy to obtain private contributions," citing the hydroelectric plants as examples.

#### Details

Brunella and the other officials indicated that the gas pipeline will be 30 inches in diameter, 1,120 kilometers long and have 600 kilometers of secondary feeder lines; it will supply natural gas not only to the metropolitan area and the coast but also the entire area of influence that it passes through, including feeder lines to San Luis, Mendoza and San Juan, which currently do not get natural gas.

The pipeline will go on line in three stages. The first, which is going to take about 21 months since work began in 1980, will be completed by the end of 1981, and it will provide 5 million cubic meters a day. The second will take 33 months and boost capacity to 7 million, while the third will be completed in 45 months and push the total to 10 million. The line's carrying capacity can, however, be boosted to 18 million cubic meters a day with the addition of new compressor plants on top of the five already envisioned.

Moreover, the officials pointed out, a plant is scheduled to go up in the capital of Loma de la Lata in Neuquen to extract water and gasoline from natural gas so that it can later be treated to yield propane, butane and possible ethane, at the request of State Gas.

This will complement the General Cerri Plant in Bahia Blanca, which performs the same processes.

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## BRIEFS

OIL TAX REVENUE--Income from taxes on the oil industry from January to October 1980 were 24.55 percent more than for the same period in 1979. This income increased for 17,303,000,000 sucres to 21,551,000,000, an increase of 4,248,000,000 sucres. [Quito Voz de Los Andes in Spanish 1230 GMT 30 Dec 80]

OIL SURPLUS, FOREIGN DEBT--Ecuador's foreign debt will be paid off with the surplus obtained from the price of exported petroleum, stated the general decree of the government's general budget for 1981. As the public already knows, in order to finance the budget, the finance committee in agreement with the legislative financial committee fixed the price for a barrel of crude at \$36 for this year's sales. However, international events leads us to foresee--at least for the first few months of 1981--prices which are substantially higher than those which have been established. The intent of this measure is to diminish Ecuador's public debt. [Text] [PA280301 Quito Cadena Ecuador Radio in Spanish 2300 GMT 27 Jan 81]

CEPE DENIES UNDERCUTTING OPEC'S PRICES--The Ecuadorean State Petroleum Corporation [CEPE] has denied that this nation has sold crude oil at prices lower than those established by OPEC. CEPE affirmed that lately, the prices per barrel have been above \$40 and \$39, which reveals that they are above the amount reported by the international news agency. The corporation stressed that these figures contradict the information that was published to benefit the interests of the transnationals. [Text] [PA280244 Quito Cadena Ecuador Radio in Spanish 2300 GMT 27 Jan 81]

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## USE OF DOMESTIC FIRMS IN OIL INDUSTRY PROJECTS DISCUSSED

Caracas EL UNIVERSAL in Spanish 22 Jan 81 Sec 1 p 1

[Text] From the start of the nationalization process, the concern of the petroleum workers has been that it be carried out with their full participation and total support. This concern has been made clear to the Presidential Commission on Petroleum Reversion, said Carlos Alberto Pinerua, president of PEDEPETROL [Petroleum Workers Federation], addressing the minister of energy and mines yesterday during the presentation of the Orinoco Oil Belt Program to those representing the national labor organizations, headed by the CTV [Confederation of Venezuelan Workers].

"We are also conscious of the fact," he added, "that the petroleum industry has passed from a lethargic stage to one of progressive expansion, and that as much money has been invested during the first 5 years of our oil nationalization program as had been invested throughout the history of our industry.

"The last two governments have clearly backed the nation's aspirations as a whole, and the intent of the oil national program, to attain its objectives of increased revenues, technological development, and that we Venezuelans be those solely responsible for and the masters of the decisions that must be taken in this field, the more so in that it is an industry that over the next 10 years will experience a gigantic expansion.

"We the oil workers," Pinerua continued, "feel that the only way to achieve the latter objective is that there be a participation by human capital in all phases of the oil industry, so as to achieve what our present minister of energy and mines--Calderon Berti-- has termed the 'radicalization of the nationalization process.' We understand this radicalization to mean Venezuelan engineering, both design and construction, the manufacture and supply of the industry's needs, and gradual independence in the supplying of oil to foreign markets, with the object of obtaining the maximum benefits available from an industry of this type.

"As the citizen minister knows, the undersigned submitted a resolution to the Eighth Venezuelan Congress of Workers in Porlamar in October 1980, which was unanimously approved by that Congress, which we have designated 'The Venezuelization of the Entire Oil Industry Development,' copy of which I take the liberty here of submitting to you, and an accounting of which, with your assistance, we are in the process of submitting to the CTV.

"We are conscious of the effort the National Executive has made through statements to the press by its most highly placed spokesmen and by the political leaders of the governing party, and of the effort being made by the parent company PDVSA [Venezuelan Petroleum, Inc] to speed up participation by Venezuelan engineering firms, construction firms, and suppliers of goods and services to the industry but despite all of this, we do not believe the desires of all our responsible leaders are not being put into effect in the planning and implementation of oil activities.

"I firmly believe we must grab the bull by the horns and take the actions necessary to implement the development of our petroleum goods and services industry and of our engineering enterprises as a national priority.

"As an example, Citizen Minister, I wish to cite the case of PLWOR [expansion unknown] contract for the change of refining pattern at Amuay--a project costing over 4 billion bolivers, of which only 10 percent was let to Venezuelan engineering, assembly, and equipment rental enterprises, and civil works contractors, despite our desire to speed up the Venezuelization of our oil industry.

"If this message has any meaning, the same thing must not be repeated in the Orinoco Belt Research and Development Project, the major share of which must be given, when justified, to our national research organizations, public organizations, and regional enterprises, to work on in a coordinated manner, so that the development of our Oil Belt will not become a white elephant like that of the dehumanized oil fields left to us by the transnationals, whom we are now blaming. Let us bear in mind that in 20 years from now, the blame will be that of all of us seated in this hall, from the citizen minister of energy and mines to the president of PDVSA and the presidents of the oil companies, as well as my own as president of FEDEPETROL. If our cooperation is worth anything, count on it."

[signed]: Carlos Alberto Pinerua  
President, FEDEPETROL

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## RESOLUTION OF OIL COMPANY INDEMNIFICATIONS ISSUE QUESTIONED

Caracas EL NACIONAL in Spanish 10 Jan 81 p 7

[Article by Kim Fuad]

[Text] Five years following the nationalization of our oil industry, the problem of the indemnifications totaling over \$1.1 billion levied against the transnational oil enterprises that had controlled our industry for over 60 years has not yet been resolved.

Ironically, after the comptroller general had levied two-thirds of these indemnifications against Creole, Shell and Mene Grande, in addition to some 30 other former concessionaires, in 1976, these companies were advised by a majority of the leading Venezuelan jurists that they were justified in rejecting these levies for lack of any basis in law.

This notwithstanding, 5 years later, these enterprises find themselves inextricably caught in the complexities of Venezuelan laws, their only out being, according to Venezuelan Government specialists, the payment of these indemnifications.

We Are Sorry, but...

And, to heighten the irony of the situation, while most of the higher officials in the government express privately their sympathy for the predicament of the companies, they protest that it is beyond their power to change the situation.

What is at stake for the time being is the \$389 million that make up a part of the Guaranty Fund the companies were compelled to deposit with the Venezuelan Government even before their nationalization. The Fund, equal to 10 percent of the assets accumulated by the enterprises up to that time, was established to cover the replacement or indemnification of the assets Venezuela had acquired, as well as pending commitments such as indemnification levies.

The indemnifications confronting the companies fall into two categories that, for lack of a better definition, may be described as normal indemnifications and disputed indemnifications.

Normal indemnifications, including fines covering the industry's tax returns between 1967 and 1975, total \$352 million. Acting in accordance with past practices, taking into account the complexities of Venezuelan tax laws as well as those of the industry's activities, the companies proposed an out-of-court settlement of \$139 million.

#### Enter the Comptroller

The disputed indemnifications, levied by the comptroller general barely 3 months following the nationalization, 1 January 1976, were based on an interpretation of a 1970 Venezuelan tax law reform.

The companies rejected the comptroller's indemnifications, which were based on the position that an increase in the export prices of Venezuelan oil, which had been imposed in March 1971, must be applied retroactively, requiring the companies to pay additional taxes in the amount of \$635 million on their record sales in 1970 of 1.2 billion barrels of oil.

The comptroller's indemnifications were moreover questioned by the lawmakers who had reformed the tax laws in 1970 that were providing the basis for the disputed interpretation. Even Dr Juan Pablo Perez Alfonzo, the late minister of mines and hydrocarbons, who had been the nation's most highly respected oil authority and the traditional enemy of foreign oil companies, labeled these indemnifications as "absurd." Comptroller Jose Muci Abraham nevertheless refused to budge and filed the indemnifications with tax courts.

#### Crisis and Paralysis

During the 1976 political crisis, Dr Muci was compelled to resign under pressure by the government of former President Carlos Andres Perez. At the same time, the companies were given to understand that the disputed indemnifications would be pigeonholed in the tax courts.

In 1977, the Perez government suspended legal actions on the normal indemnifications, and negotiations were initiated on a settlement out of court. The companies, seeking to recover their money from the Guaranty Fund, proposed a settlement based upon approximately 30 percent of the indemnifications. This would have enabled them to recuperate their money that had remained in the Fund.

Nevertheless, the Perez government showed little inclination to settle the indemnifications issue during 1978, an election year, in which it feared the issue would hurt the chances of the governing party, Democratic Action, to continue in power. Thus, the problem passed into the hands of the new administration.

#### The COPEI's Turn

In December 1978, former President Perez's party was defeating leaving the new head of state, Luis Herrera Campins, and his Social Christian Party (COPEI) to resolve the problem. The new administration turned the problem over to a joint commission of the Ministries of Energy and Finance, which undertook an analysis of the previous government's recommendation to seek an out-of-court settlement.

Toward the end of 1979, the first of the comptroller's indemnifications levies, in the amount of \$24,000 against American Petrofina, emerged from the tax courts. The company immediately appealed to the Supreme Court, anticipating a favorable decision.

But to the surprise of American Petrofina and the other companies affected by the comptroller's levies, the Supreme Court refused to consider the indemnifications case, affirming that American Petrofina should have appealed within the 15-day period stipulated by the tax laws. Instead, the company had followed the rules of the Comptroller General's Office, which allowed appeal to be filed within a 45-day period.

#### Creole and Mobil Too

In May 1980, further comptroller indemnifications levies, in the amount of \$250 million against Creole and Mobil, emerged from the tax courts. Their appeals were also rejected for the same "procedural error" as American Petrofina's. The other comptroller levies are still in the tax courts.

In June 1980, the vice minister of energy and mines, Dr Jose Ignacio Moreno Leon, who chairs the joint Energy-Finance commission, announced that the government would reactivate the ordinary indemnifications and would pursue the comptroller levies against the companies.

Dr Moreno Leon explained that ordinary levies were being reactivated because a negotiated settlement is illegal under Venezuelan laws. Nevertheless, the national executive body has the authority to nullify the fines, which represent \$139 million of the \$352 million at stake.

#### A Stalemate

But this seeming way out of the tax labyrinth, whereby the companies could have paid the indemnifications out of the Guaranty Fund in exchange for a possible reduction or lifting of the fines, has been blocked by the comptroller levies.

The companies had hoped to separate the normal indemnifications from the comptroller levies, paying the former with money from the Guaranty Fund and the latter to be invalidated by the Supreme Court. However, both these categories of indemnifications now find themselves linked inseparably.

At this point, it remains to be seen whether the present administration can resolve this puzzle or will leave the problem, as did the previous government, to be resolved by the government that will come into power in 1984.

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## BRIEFS

**GAS FOUND IN PARIA**--LAGOVEN has discovered a new gas deposit north of the Paria peninsula. The discovery well involved is Patao-2, and the analyses indicate that the structure contains substantial quantities of gas. Additional confirming wells will have to be drilled, however, to determine its true magnitude. LAGOVEN is the producer of Patao-2, which now confirms the existence of a gas field the discovery of which began with the drilling of Patao-1. Patao-2 has a production rate of 31.6 million cubic feet of gas per interval. It is 8,977 feet deep and was drilled by an offshore exploratory drilling ship. The well is located 40 kilometers north of the shores of Paria and some 7 kilometers east of Patao-1. [Text] [Caracas EL NACIONAL in Spanish 18 Jan 81 p D-6] 9238

**AMUAY REFINERY BLACKOUT**--Punto Fijo, 14 Jan (Special)--The Amuay refinery has been paralyzed since last night owing to an electrical power failure. Losses suffered by this large enterprise in the state of Falcon as a result of the blackout are estimated to be heavy. Groups of technicians are working without respite to repair the trouble and restore service within 3 or 4 days if possible. The power failure, which also affects the city of Judibana, where the refinery workers live, occurred in the generating plant, which is located in the Amuay refinery itself. The cause of the blackout has not yet been determined. [Text] [Caracas EL NACIONAL in Spanish 15 Jan 81 p 1] 9238

**GUANIPA CIEN PROJECT**--Maturin, 21 Jan (Special)--MENEVEN plans to develop a 100,000-barrel-a-day potential under its project named Guanipa Cien. Reports made available here say that this MENEVEN project is different from the one being carried out south of the state of Monagas by LAGOVEN. According to these reports, an infrastructure already exists in the Guanipa area and it will not be necessary to install crude-enhancement plants. Recently, Gen Alfonzo Ravard, president of PDVSA [Venezuelan Petroleum, Inc] spoke of these projects, and particularly those south of Monagas, where it is expected to produce 125,000 barrels a day of enhanced crudes in the Orinoco Belt under its pilot program. [Text] [Caracas EL NACIONAL in Spanish 22 Jan 81 p D-9] 9238

## AMBASSADOR TO USSR SPEAKS ON RELATIONS WITH SOVIETS

Buenos Aires CONVICCION in Spanish 25 Jan 81 p 9

[Interview with the Argentine ambassador to the Soviet Union, Dr Leopoldo Bravo; date and place not given]

[Text] "Little by little the world has come to realize that Argentina has achieved peace and order today by adopting the only possible measures to defeat subversion," emphasized the Argentine ambassador to the USSR and president of the Bloquista Party of San Juan, Dr Leopoldo Bravo, in an interview in which he addressed issues relating to our country's relations with the socialist nation and the political future of the group that he heads under Gen Roberto Viola's administration.

[Question] How have bilateral relations between the Soviet Union and our country developed over the past 5 years?

[Answer] I could describe them as normal, but they have been quite special as far as trade is concerned, because this area has been developed considerably. Over the first 9 months of 1980 overall bilateral trade hit almost \$1.5 billion, \$1.4 billion of which were Argentine exports. The USSR thus became one of the main buyers of Argentine products. Our country's exports consist mainly of grains, hides, wool, oil, meat, etc. We, in turn, import machinery, equipment and transportation facilities. At present Russia is providing the turbines for the Salto Grande Bilateral Complex and technical assistance in developing the Middle Parana Project. I should also point out that last June we signed an agreement under which over a period of 5 years our country pledged to sell between 5 and 5½ million tons of grains and soybeans a year to the Soviets. If we consider that the United States, the number one country in this sphere, has a minimum sales agreement of 8 million tons, we will grasp the importance of this pact.

[Question] What is your opinion regarding the various criticisms voiced here and in the United States in the wake of the grain agreements that the USSR and Argentina signed?

[Answer] Internationally, our country is again pursuing a very clear policy of independence that is in keeping with national interests and that in no way links us to situations to the contrary. Argentina is demonstrating its independence



by separating what is political from what is distinctly commercial. We gave convincing evidence of this when we continued exporting in the face of the grain embargo imposed by the United States. Later developments proved us right.

[Question] How does the USSR view the National Reorganization Process?

[Answer] The Soviet Union is very careful about the internal politics of the countries with which it trades. Over these years they have not criticized or even mentioned what we are doing. The Soviet media occasionally transmit views or commentaries by foreign agencies or agencies from our country. Their stance regarding the process is one of respect and independence.

[Question] How have contacts between our two countries developed in comparison to previous periods?

[Answer] They have been a constant. Relations began in 1946, and I have had the opportunity to monitor them because I was part of the initial team. It has been a normal policy that has expanded over time.

There are factors that the parties themselves might bring into play, while others are due to imponderables. Our policy towards the European Common Market obliges us to seek fresh trade possibilities in other areas of the world. That's what we are doing with the socialist countries. Last year the necessary steps were taken to boost trade with China, the Middle East, Africa, etc. Thus, Argentina's "trade presence" is also due to the natural changes that come about. Some markets close but others open up.

[Question] Do you think that Argentina's status in the world has improved?

[Answer] For several decades we had been losing our high standing in international forums. In recent years the country has regained a great deal of ground and is present in all world organizations. It has been hard to make the position of the current process on certain matters, human rights for example, understood. Developments are showing us, day after day, that European countries like Spain and Italy are going through times of great confusion and anarchy, like the ones we have already experienced. Little by little they have come to realize that Argentina has achieved peace and order today by adopting the only possible measures to defeat subversion.

[Question] What is your analysis of the present and near-term future of the process?

[Answer] One hundred percent of Argentines want to see the order and peaceful coexistence that we now enjoy continue. In many respects economic policy has been consistent, necessary and realistic, after decades of a fantasy world. In any case, I feel that everything can be modified and improved. I think that this is going to happen.

[Question] As president of a provincial party, what role do you think federalism will play in our political future?

[Answer] Our group is 60 years old and is one of the bulwarks of federalism. The federalist parties were the ones that realized most clearly what this process meant and were the first to support it. This does not mean that we will not have to do some reshuffling in light of the changes in the political makeup that will inexorably come about. But we will do this through calm study with clear ideas to see what the possible and necessary lineups for the country are.

[Question] Will you have a job in the new presidential administration?

[Answer] So far I have not had any offers, and the government proceeds in a very business-like manner in this regard. If my services are again required, I will not hold back my support, as long as I can be useful. As to my party, I think that it will have a role to play in the new administration.

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## POSSIBILITY OF BRINGING FALKLAND ISLANDS ISSUE BEFORE UN DISCUSSED

Buenos Aires CONVICCION in Spanish 25 Jan 81 p 7

[Article by Martin Olivera]

[Text] In spite of everything, there is a certain breath of optimism blowing through San Martin Palace with regard to the Malvinas Islands. For the first time in a long while, the government of Her Gracious Majesty seems willing to leave an opening in its southern strategy through which our country could lodge a formal protest, which could strike a responsive chord, at the United Nations.

Running parallel to this current of optimism there is, of course, one of "irritation" over the increasingly frequent diplomatic provocations by the United Kingdom whenever Argentina finds itself at a key juncture in border negotiations with Chile.

This week's developments began with the DAILY MIRROR's publication of a story according to which London is allegedly encouraging the transfer of people residing on the island of Saint Helena off the western coast of Africa (where the population is larger than the Foreign Office supposedly considers ideal) to the Malvinas. The number of islanders is on the decline there, a development about which the loquacious British deputy foreign minister, Nicholas Ridley, has already expressed concern.

In light of this rumor (which supposedly did not enthrall the inhabitants of the Malvinas Islands either, because the immigrants would be black, which could trigger conflicts that the southern islands have not experienced so far), an adviser from the British Embassy in Buenos Aires paid a hasty visit to the old mansion on Malpu Street, where the Malvinas Islands Department of the Foreign Ministry operates, to give the official British explanation of the story.

The young British official was received by an Argentine diplomat of equal rank (an adviser) and attempted to explain the unexplainable, ultimately taking refuge in a very unconvincing argument: the Foreign Office has nothing to do with the news item, and after all it would only entail an internal movement of citizens, and furthermore, it cannot counter every newspaper story that is published.

Ergo, no one was satisfied.

## And How Are We Doing in London?

Officially, there is silence. It seems that according to the Foreign Office, the problem does not concern it because this is an internal issue having to do with British colonies (this word is not, of course, as irritating as the phrase they use when discussing matters with Argentine officials, with whom they use the euphemism "nonmetropolitan territories"), and aside from this, this specific case is handled by the Falkland Islands Committee (FIC) independently.

Strictly speaking, that is not the way it is. In political terms, the Foreign Office and the Parliament have a great deal to do with this internal migration, because British legislation is moving increasingly towards discriminatory treatment of the inhabitants of the colonies, who are in fact becoming "second class citizens."

For the specific purpose of staving off immigration from peripheral colonies to the mother country, the government has authorized, and often encouraged, movements from one colony to another but has thwarted the transfer of the conquered peoples to the United Kingdom.

The second point is that the FIC is not an independent body that sets its policies in accordance with its own criteria; rather, it conforms to the general strategy of the crown's foreign relations, while trying to further, to be sure, the monopoly role of the Falklands Company.

Taking these two elements into consideration, San Martin Palace on Thursday instructed our ambassador in London, the recently promoted Carlos Ortiz de Rosas, to visit the Foreign Office, firmly request an explanation and set forth the Argentine position.

In the event that the Foreign Office replies that the report is true but that it is of no consequence because it is an internal United Kingdom decision, the ambassador will have to remind the forgetful British office of UN Resolution XXXI/49, the text of whose fourth point reads: "Governments shall refrain from making changes in the political, social and economic status of all territories subject to decolonization (Resolutions 1514/15) that are the object of negotiations."

## The Next Steps

This is the point that elates the "establishment" officials at San Martin Palace (in other words, the ones who will still concern themselves with this issue after 29 March), because it would enable them to lodge a protest at the United Nations with a convincing argument: Great Britain is violating one of the international organization's resolutions.

Up to now the United Kingdom's strategy has been based on stalling for time by means of ongoing delays in setting the dates for further negotiations and on its unyielding stand regarding sovereignty.

This is not, however, sufficient grounds for a protest before the United Nations, because the Foreign Office can argue that the circumstances call for in-depth analyses and that the delays do not warrant doubts as to its good will in connection with the negotiations. This is, in fact, what has happened so far, and the latest British stance indicates that in a way it could continue.

Another possibility that cannot be ruled out (there are precedents of similar reactions) is that the Foreign Office will openly wash its hands of the matter, telling Ortiz de Rosas that these are just newspaper reports, the objective being to gain more time.

If this should occur, the next move would be a direct protest before the United Nations, because there is a real intent to take people from Saint Helena to the Malvinas. As far as we have been able to learn, the first stage of the FIC's plan is to transport five black families proficient at rural tasks from Napoleon Bonaparte's final prison. Read: cheap labor for the Falklands Company.

We can deduce from all of these incidents that with each passing day Great Britain obviously has less of an idea what it ought to do with the Malvinas and that the only thing that makes it cling to its longstanding island conquest is fear of internal political repercussions and its memories of the Shackleton Report with its promises of fishing and oil resources.

It is also obvious that the time for negotiations is growing short and that government patience is wearing thin.

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## VIOLA NAMES CIVILIAN, MILITARY GOVERNORS

Buenos Aires CONVICCION in Spanish 25 Jan 81 pp 12-13

[Article by Carlos Fernandez]

[Text] "I don't remember any summer with as much activity as this one," a military officer of the highest rank reflected some days ago. There is unquestionably solid backing for his comment. We need only give a rundown of some of the issues. The number one priority is Argentina's response to the pope's initial mediation proposal. Another is the formation of the next government, which although it is the president-designate's area of responsibility, is linked to decisions made within the military. And another issue seems to be taking shape in recent days: the status of the former president, and here both judicial factors and her health come into play.

Thus, the first few days of the year, which have traditionally constituted a political recess in the country, lost their customary sluggishness and were marked by incessant activity in the centers of power, which have been focusing their attention on the above issues.

## Working Vacation

The colleagues who accompanied the president-designate on the "working vacation" that he is spending in Mar del Plata did not conceal their relief yesterday when Viola told them that they could consider as good as accomplished the objectives that had been set for their stay in the resort city. The fact is that the work pace imposed by the next chief executive did not leave them much time to rest during the past week.

"Maybe tomorrow I can make it to the beach for the first time," one of Viola's assistants said hopefully.

It has escaped no one that as 2<sup>nd</sup> March draws near, Viola has been stepping up his work pace, inasmuch as there are many details that he wants to finish off before taking over the way he would like to: with the overall picture quite clear, with essential objectives spelled out and with the proper tools to achieve the goals that have been set.

As far as we know, the only luxuries that Viola allowed himself during this "working vacation" were to sleep a bit more than normal (just a bit more, one



of his colleagues confessed), to take occasional walks around Mar del Plata and to attend some boxing matches one evening.

He spent the remainder of his time reading reports, meeting with his transition team and members of his upcoming administration (Liendo, Martella and Ortis) and making decisions regarding the appointment of the military governors who will serve under his administration, either all or part of it.

#### The Military Governors

A number of reports have come out in recent hours about the decisions that Viola made concerning the provinces. The rumors are that five superior officers of the Armed Forces will be asked to continue in the posts that they have held so far. How long they will remain in office will be determined by the specific circumstances of each case.

The individuals involved are the mayor of Buenos Aires, Brig Osvaldo Cacciatore, and the governors of Rio Negro, Rear Adm Julio Acuna; of Mendoza, Brig Rolando Ghisani; of Santiago del Estero, Gen Cesar Fermin Ochoa, and of Salta, Navy Cap Roberto Ullon.

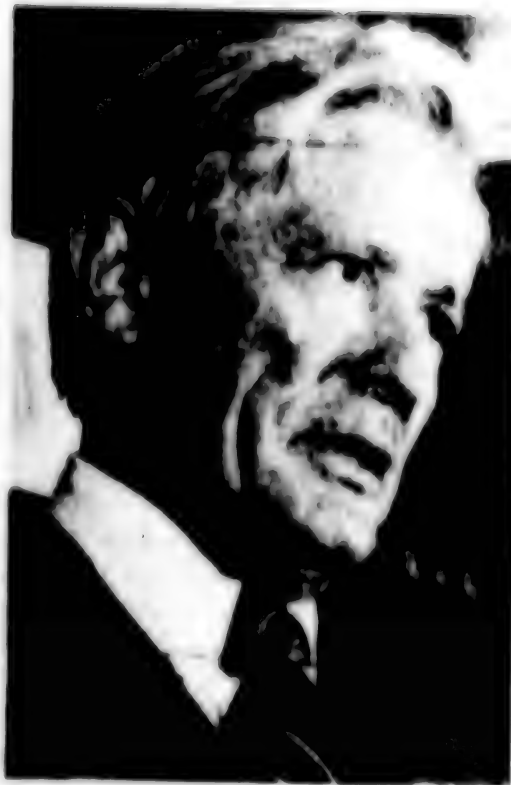
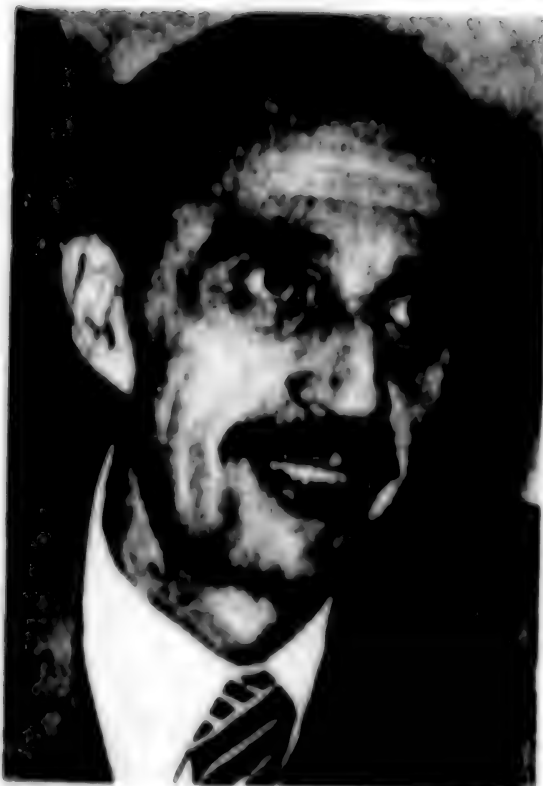
These reports confirm the ones that indicated that Brigadier Cacciatore would continue as mayor of Buenos Aires, a post that he will have held for 5 years as of this April. Rear Admiral Acuna had persistently been mentioned as the future governor of Santa Fe, a post that will ultimately go to another navy man, as we will see later on. Something similar could be said of General Ochoa, who in recent weeks was considered a candidate for governor of Cordoba.

But aside from this confirmation, a number of appointments were reported. According to the accounts from Mar del Plata, Rear Adm Leopoldo Suarez del Carro will serve as governor of Tierra del Fuego starting next March, replacing Navy Capt Luis Jorge Arigotti, while the governorship of Chubut will be taken by Rear Adm Niceto Ayerra, succeeding Rear Adm Angel Lionel Martin.

As to the province of Santa Fe, one of the most important areas on the Argentine political map, along with Cordoba and Mendoza, Rear Adm Rodolfo Luchetta, who served as naval attache in Great Britain until the end of the year, has been mentioned as a leading candidate. He would replace Vice Admiral Desimoni. There was also talk at one point of Rear Admiral Luchetta as a potential defense minister; this would be ruled out, however, if the reports tapping him as the next governor of Santa Fe Province are confirmed.

Still to be decided are the governorships assigned to the army. In this respect, Gen Haroldo Pomar is being mentioned as head of Misiones; Gen Juan Alberto Pita as governor of Corrientes, and Gen Luciano Jauregui as governor of Chaco (although Pita could wind up in Chaco, and the former commander of the Second Army Corps in Corrientes).

Several names are being bandied about in connection with the province of Buenos Aires. Maj Gens Bartoleme Gallino and Jose Montes are constantly being mentioned for the job, though according to other accounts Viola would prefer some sort of technical post for the former director of Military Manufactures.



Rear Admiral Acuna: To Remain in Rio Negro

Captain Ulloa: Staying in Salta

As far as the province of Cordoba is concerned, a great many names have been mentioned, but there are no definite prospects as yet.

From what we know, it would not be strange if the president-designate held a meeting with Lieutenant General Galtieri to work out the final details on appointing the next governor of Cordoba.

According to the information pieced together in recent hours, in making the governorship decisions Viola attached great importance to the evaluations that his team made of the reports by each of the governors, as well as of the abundant materials that they handed over to the president-designate.

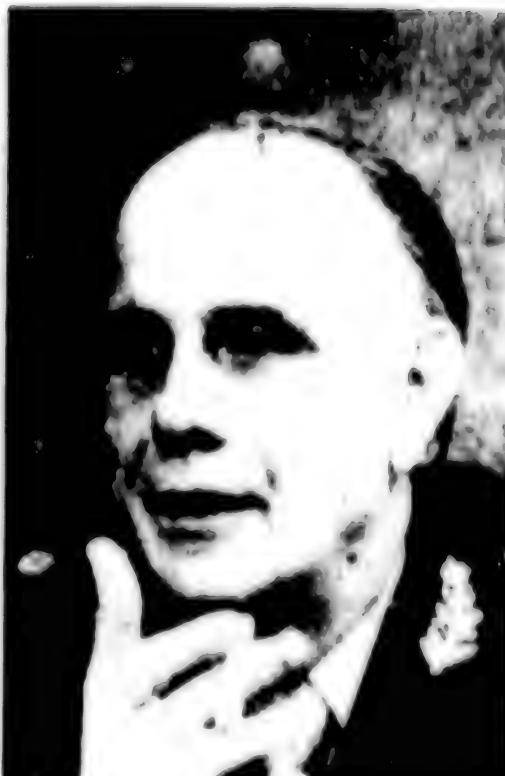
#### Next, The Civilian Governors

Once the military governorship picture is rounded out, Viola will devote this coming week to an analysis of the civilians who will work under him in the provinces.





General Jauregui: Corrientes or Misiones?



General Pomar: Potential Governor of Misiones

The president-designate, who will probably be returning to Buenos Aires today or tomorrow, will thus complete the roster of provincial chief executives.

CONVICCION has repeatedly referred in this column to the names being mentioned in this regard (Casinal in Entre Rios; Heguy, Telleriarte or Gursivich in La Pampa, etc). We also learned that the president-designate intends to name civilians who are no more than 50 years old and who are in a position to command a consensus in the provinces in which they will serve.

Viola's decision has obviously become a focus of expectations since it will be the first step in a move towards greater civilian involvement in the job of running the country, an involvement that will reportedly expand over time.

#### Ministries and Under Secretariats

The Military Junta has already made a decision regarding the issue that was left pending in the Ministries Law. All state secretariats (except those of the presidency) will be abolished, and the under secretariats, some 36 or 37 of them, will take over.



Brigadier Ghisani: Continuity in Mendoza



General Ochoa: To Stay in Santiago del Estero

What will happen then with Agriculture and Livestock, for which the sector was requesting as much of a share of power as possible? All indications are that there will be 11 ministries, as planned, and that the one concerned with production will be named Agriculture, Industry and Commerce.

This solution obviously aims at balancing things out. The president-designate is known to advocate the coordinated development of the country's potential. If Agriculture and Livestock had been made a ministry, could Industry have continued as a State Secretariat?

We will now have to wait and see how the farmers and ranchers react to the decision.

Since its creation the Agriculture and Livestock Secretariat has undergone several modifications in connection with its status.

Lt Gen Julio A. Roca created the ministry in October 1898, and it was headed up at the time by Dr Emilio Frers.

It maintained its ministerial rank for 60 years, until Dr Arturo Frondizi turned it into the State Secretariat of Agriculture and Livestock in June 1958,



General Pita: Chaco or Corrientes?

General Gallino: Buenos Aires or a technical post

a status that it held until 1971, when Gen Alejandro Agustín Lanusse made it a ministry again.

During Dr Jose Maria Guido's presidency, Dr Jose Alfredo Martinez de Hoz served for 5 months as secretary of agriculture and livestock (before being appointed economy minister).

In 1973 the Peronist Government revoked Lanusse's decision, and the ministry became a secretariat again, an arrangement that has continued til now.

If rural circles were concerned that they lacked a voice in the cabinet, all indications are that this handicap has been overcome. The minister of production or of agriculture, industry and commerce will be the spokesman for the interests of agriculture and livestock, as he will for all production-related matters, this being an area that the next government would like to see revived on a priority, comprehensive and balanced basis.

Once the Military Junta's guidelines are established, the Planning Secretariat will have to work out the final details of the organizational chart under the new Ministries Law, and according to several military circles, this could still give rise to input from some segments of the community.



Brigadier Cacciatore: 5 Years in the Mayor's Office



Rear Admiral Luchetta: Appointed Governor of Santa Fe

According to reports, a decision is still pending, for example, as to whether the Energy Under Secretariat will come under Public Works or the Ministry of Production or whatever it is eventually called, or whether the Under Secretariat of Ecology and the Environment is to remain under the Ministry of Public Health.

#### Viola's Next Public Statement

While the structure under the new Ministries Law takes shape and the names of the governors-to-be come to light, Viola and his transition team are working on what will be the president-designate's second public statement.

In late February or early March Viola will again have contact with the community (not necessarily an address or an interview) and could, it is reported, make announcements about individuals. One interpretation is that this could be a suitable occasion for the next president to announce the makeup of his cabinet. Observers are giving serious consideration to this possibility, keeping in mind that sources close to Viola felt that late February or early March would be just the right time to announce who the new ministers would be.

But Viola's next public statement will not deal solely with such announcements, it is reported. He will also outline a series of ideas clearly aimed at rallying the people and at the same time spell out undertakings consistent with national objectives, to be pursued by the civilian-military coalition.

This issue lends itself to some reflections on the civilian role in the upcoming Viola administration. As has already been asserted, Viola's term of office as president could eventually bring about the conditions under which the process would shift from a military-civilian to a civilian-military one. This is why the next president's colleagues are stressing everything having to do with generating a consensus, as well as emphasizing official-level civilian participation in the process. The general notion is that this concept of participation will be one of the hallmarks of the Viola administration.

#### In the Diplomatic Sphere

Ambassador Rafael Gimenez, who is in charge of international relations on the transition team, is asking the Foreign Ministry for reports, it was learned from sources in San Martin Palace, to lay the ground work for a comprehensive analysis of the results that the country has achieved in recent times in its foreign relations. Once a series of guidelines are set down regarding the approach to the international community, these considerations would be the starting point for determining how many embassies would remain in the hands of the military, which ones would be headed up by our career diplomats and which overseas posts ought to be held by men with well-defined political stances.

And while we are on international relations, we cannot fail to take into consideration the letter that Lieutenant General Viola sent Ronald Reagan on the occasion of his inauguration as president of the United States. In his letter the Argentine president-designate stressed a view that he had previously voiced to the American lawmakers who visited us a few days ago; Viola expressed his conviction that bilateral relations ought to be strengthened on the basis of mutual respect and commonly held Western values.

#### What Sort of Church Will the New Nuncio Find?

John Paul II has appointed Monsignor Ubaldo Calabresi as the new nuncio in Argentina, replacing Monsignor Pio Laghi. The prelate has been in our country before, serving in the nunciature under Monsignors Mario Zanin and Umberto Mozzoni. Major changes were introduced during those years in the structure of the Argentine Church.

But what sort of Church will Monsignor Calabresi, the new nuncio, find now?

Monsignor Calabresi will find in Argentina an episcopate that is predominantly pursuing a pastoral policy with social features and with a markedly "institutionalist" nature in keeping with the Vatican's dictates.

This approach, on which the president of the Episcopal Conference in our country, the archbishop of Cordoba, Cardinal Raul Francisco Primatesta, has been working for years, is centered geographically in Cordoba and has extended its area of influence throughout the Centro and Cuyo region, encompassing the dioceses of Cordoba, Cruz del Eje, Dean Funes, San Francisco, Rio Cuarto, La Rioja, San Juan, Mendoza, San Rafael and San Luis and spreading its influence to the dioceses of Tucuman and Concepcion.

This approach could be termed the most active within orthodox thought, to which the Argentine bishops adhere, and is pursued cautiously and meticulously, in light of a national landscape filled with troublesome circumstances.

At what juncture in the Argentine Church is Monsignor Calabresi, the new nuncio, arriving?

Monsignor Calabresi arrives in the year prior to the replacement or reelection of the authorities of the Argentine Episcopal Conference and at a time when there will be vacancies in the episcopate because some of its members are reaching the maximum age at which they can hold their posts.

He also comes at a time when the leaders of our Church are engaged in discussions and reflections concerning the document that has been announced for May and that will revolve around the Church and Society. This document will expound on the role of politics and what sort of involvement Christians ought to have in it. It will also be the Church's first pronouncement during Lieutenant General Viola's government.

An internal church campaign is under way in connection with this document. Opinions are being sought out in the various dioceses, especially among the laity.

In short, Monsignor Calabresi will find a Church that is engaged in a search for the integral wealth of its essence and that at the same time is expressing itself outwardly along the path of evangelization charted in Puebla. In other words, this is a Church that is seeking an increasingly pastoral and concrete presence in the nation.

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CSO: 3010



## FOREIGN INVESTMENTS LAW IS MODIFIED

Buenos Aires CONVICCION in Spanish 24 Jan 81 p 13

[Text] In accordance with Decree 103 published through the Public Information Secretariat of the Presidency of the Nation, the government has made modifications in the regulations of the Foreign Investment Law, the text of which was established in 1980.

In the whereas clauses of the decree, it states that, "it is fitting to make certain reforms in the regulations which are being replaced in order to achieve better enforcement of the law in question."

The measure consists of 88 articles, and one of them excludes loans in the area of capital investment from all the effects of the law.

It stresses that, "The value of the new or used capital goods, and their spare parts and accessories, included in the investment, will be the current price in the country of origin of the goods for their export, or the price prevailing on that country's domestic market, if the latter is lower."

It adds: "The enforcing authority may demand the submission of records attesting to the correction of the price declared by the investor." The executive branch, or the enforcing authority, as the case may be, will determine the value of those goods, on a provisional basis, in the act approving the investment. Without interfering therein, the enforcing authority may seek the opinion of the customs authorities regarding the value to be assigned to the goods in question, once they are in the country."

The implementation of the law, and its regulatory and supplementary regulations, will be the responsibility of the Undersecretariat of Foreign Investment, subordinate to the Secretariat of Economic Programing and Coordination, and the functions of the enforcing authority will include, among others, that of submitting to the executive branch the proposals for foreign capital investment.

Its function will also be to deal with the inquiries made by potential or existing foreign investors concerning the current provisions, the required procedures and other matters associated with the system applied to foreign investments.

The enforcing authority will be required to deal with, approving or denying within 120 consecutive days after its submission, any proposal for foreign capital investment established in Article 6 of the law which complies with the surety stipulated in this decree.

In addition, it will be responsible for the registration of foreign investments, which will make note of the acts cited in Article 11 of the law, and those which may be ordered at the appropriate time in compliance with the law and the regulations.

The new ruling also stipulates the conditions under which the enforcing authority may make an exception from the requirement of registration of shares of stock owned by foreign investors which are issued by a receiving firm that deals on the stock market.

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## FIDE REPORTS ON LAST YEAR'S ECONOMIC ACTIVITY

Buenos Aires CLARIN in Spanish 2 Jan 81 p 8

[Text] In assessing the performance of the different economic variables during 1980 (levels of internal activity, capital investments, external sector, interest rates, fiscal deficit and inflation), in its December issue, the specialized magazine, FIDE [Research and Development Foundation]-Economic Trends and Development, organ of the FIDE, claims that, at the conclusion of the first cycle of the process begun on 29 March 1976, "the symptoms of exhaustion shown by the model currently in effect are clear."

In its opinion, those symptoms are the development of the economy "in a vicious circle wherein the inflationary pressures are reduced only at the expense of greater recession. Conversely, any attempt at reactivation, without changing the basic features of the policy, has made (on the other hand) further recurrences of price hikes, with their imbalancing effect on the capital market."

Before embarking on a detailed analysis of each facet of the economy, and by way of a general description, it stresses that, "despite the adverse prospects" that were discerned at the end of 1979, "the economic team not only maintained, but intensified further still the policy strategy that it has been implementing for the past 5 years, based on commercial and financial openness." It notes that, in 1980, certain tariff, social security and tax adjustments were made which "not only altered the essence of the convergence model, but entailed an intensification of the anti-inflationary program."

## Internal Activity

In its evaluation of the area of internal activity, it indicated that "the lack of dynamic elements" has resulted in "the stagnation" of its levels, citing as an example the fact that the per capita GDP is less than that of 1974, whereas the industrial added value (during the first 9 months) showed a 13 percent decline with respect to the same period in 1974.

And it adds, "the general setback in industrial activity was not corrected during the final part of the year," but "in some instances it was even more serious." The publication gives as an example the fact that, last November (in comparison with the same month in 1979) steel production dropped 23.7 percent, and that of tractors, 77.7 percent (during the year, sales declined from the 25,000 units sold in 1974 to under 3,000).

Growth rates are noted only in oil refineries, aluminum production, cement plants and automobile manufacturing, although in the latter instance it is explained that, whereas automobile production in 1974 amounted to 322,000 units, this year it will not exceed 300,000.

FIDE-Economic Trends and Development adds that the rates for the agricultural-livestock sector will be negative also, because the rate declined 6.3 percent during the first half.

As a counterpart, it remarks that "services, as in previous years, should attain positive growth rates," with an increase in their share of the GDP, to the detriment of the goods producing sectors.

The commentary observes that, concurrently, "capital formation has been discouraged" as revealed by the fact that the investment in durable production equipment is less than in 1977, with an increasing substitution of capital goods of native origin by imports.

#### External Sector

It is asserted that the situation in the external sector of the economy "has become worse" owing to a "stagnation in exports and an accelerated increase in imports of goods and services," which will raise the deficit in the trade balance "to over \$4 billion," and to "an increasing dependence on international financial capital."

In this area, it is estimated that "there is a supply of very short-term capital, amounting to \$5 billion," with the risk of possible withdrawal, "reducing the reserves and tightening the money supply."

#### Interest Rates

The publication explains that this situation in the external sector is one of the reasons keeping interest rates at very high levels, to which must be added the pressure exerted on them by "the increased demand for funds" from the public sector.

And it adds that this factor, plus "the stagnation in sales, increased the indebtedness of the productive sectors," giving rise to the "financial crisis."

#### Deficit Spending and Inflation

Finally, it states that in October the imbalance in the National Treasury reached a "sum 55 percent higher in real terms" than during the same period a year ago, a deficit "financed essentially by issuing money;" because, by December, the amount issued by the BCRA [Central Bank of the Argentine Republic] exceeded \$3.5 billion.

This fact has also brought about budgetary reform, making the financing requirements for the Treasury 8.8 billion pesos, or 137 percent more than anticipated; a fact which has, simultaneously, "made curbing inflation impossible." The reduction in the inflation rate (in retail prices) of 90 percent "was achieved, basically, thanks to the pressure exerted through an artificial cheapening of imported goods, with its correlation in terms of recession."



**Key:**

1. FIDE Report
2. Quarterly Performance of the Balance of Payments
3. In millions of U.S.\$.
4. Current account balance
5. Net capital turnover
6. Variation in international reserves
7. Includes errors and omissions
8. Estimated
9. Source: FIDE, based on data from BCRA and its own estimates.

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CSO: 3010

## ECONOMIC OUTLOOK GRIM FOR 1981, SAYS FIDE REPORT

Buenos Aires CONVICCION in Spanish 24 Jan 81 p 13

[Text] A report released yesterday by the Research and Development Foundation (FIDE) expresses the view that, during the first quarter of 1981, "the recessive situation that has been present since mid-1979 will continue, perhaps becoming worse," and the status of activity "will continue to be stagnant, without a possibility of emerging from a situation wherein, as everyone knows, zero or negative growth rates predominate in the majority of productive sectors."

The entity declares that "the performance that the economy will show throughout the year that is beginning" must, for purposes of predicting it, be considered on the basis of "the carryover effects resultant from the current management, and the impact that the various measures eventually to be taken starting in April will have"

In this regard, it states that, "for example, the external sector" is one of those "concerning which it may be maintained that the deficit status of the balance of payments will continue throughout the entire year."

As for public spending, it notes that, we shall have to wait and see whether "it is marked, as it has been during the past few years, by the predominance of unproductive outlays and slight dynamism, the recessive effect of which can only be offset by creating conditions that will reactivate consumption and private investment.

"One can hardly expect this to happen if the new economic leadership opts to remain bound to a process of nondirectional openness, without reducing the structural flaws in the public sector and without coping with the serious problem stemming from the large state and private debt," remarks FIDE in its report; adding: "In such an event, on the contrary, it may be predicted that the present situation will become worse throughout the year, to the point of becoming obviously intolerable."

## Reactivate the Productive System and Cut Inflation

It subsequently states that, "The perpetuation of the present model is quite clearly incompatible with the announcements made by the future authorities, from the standpoint of simultaneously achieving the reactivation of the productive system and the cutting of inflation."

It remarks that the results will be negative if "the doctrinal basis of the present policy" is upheld, and only "instrumental-type changes" are made.

The instrumental changes that FIDE announces are "a major rate of devaluation for the purpose of gradually catching up with the exchange time limit without excluding the introduction of multiple exchange rates (a selective increase in additional tariffs levied on tourist activity) and some type of moratorium, through the establishment of "special rediscount lines."

2909

CSO: 3010

## PAPER PUBLISHES SOME ASPECTS OF 1981 NATIONAL BUDGET

Buenos Aires CLARIN in Spanish 17 Jan 81 p 6

[Text] Yesterday, during a press conference at which he gave details on the calculations of expenditures and funds approved for the current fiscal year, the minister of economy announced that the budget deficit for 1981 would be 2.9 percent of the gross domestic product, including the state enterprises. In addition to other statements reported elsewhere, Dr Jose A. Martinez de Hoz distributed to the newsmen an analytical commentary on the decisions that have been made with regard to the budget.

That document stresses, in the first place, that this 2.9 percent deficit "cannot be compared with the failure of a business firm." In this respect, it explains that, "When the public sector carries out investments exceeding 8 percent of the GDP, it is understandable that they are not financed totally with current funds, as would be the case if there were no deficit."

## Consecutive Readjustments

In analyzing the process which produced that 2.9 percent, the ministry document gives a reminder that, when the preparation of the 1981 budget began, the Ministry of Economy suggested that the goal be a deficit of 3 percent of the GDP, noting, that this was a "goal compatible with the monetary and exchange forecasts", and was approved by the president of the nation.

However, it stresses that the requirements for spending received from the various sectors, without prior eliminations, led to a need for financing (deficit) of 8.5 percent. It remarks: "All those responsible for spending requested spending on the whole that was far greater than is possible."

The report then states that, after a first review made by the Ministry of Economy, a reduction was achieved in the deficit to 5.25 percent of the GDP, that is, 3.3 points less than the aforementioned 8.5 percent. Of those 3.3 points, 2.3 related to the Ministry of Economy and its enterprises, and 1 point to other sectors. "For a subsequent reduction that will make it possible to attain the goal, policy decisions were necessary which involved jurisdictions dissociated from the Ministry of Economy." The document notes that this task was undertaken by the Planning Secretariat of the Presidency, in cooperation with the Palace of Finance, and the deficit was finally brought to 2.9 percent of the GDP.



## Decisions

The report then emphasizes some of the decisions that were made:

Keeping the salaries of public personnel at the average level of 1980 in real terms, and freezing the spending on employed personnel;

Reducing current spending;

Keeping public investment at the level set in the 10-year plan, and eliminating increments decided upon subsequently;

Using surplus funds of FONAVI [National Housing Fund], without hampering the housing construction program;

Maintaining net funds of provincial coparticipation, taking into account the reforms in the financing of the social security systems.

The VAT [Value Added Tax] will not be increased, nor is it planned to create new taxes; on the other hand, more intensive action is called for against tax evasion.

Finally, surplus funds from special accounts are to be channeled to the Treasury.

## Effect

Elsewhere in the document, it states that the spending which results from adding the budgets of the national and provincial administrations, that of the municipality of the City of Buenos Aires, and of binational business firms, associations and entities, amounts to 32 percent of the GDP, and to 37 percent if social security is added to it.

It comments: "This does not constitute a share in the GDP, because it includes duplications, and takes into account the total spending of the business firms, but not their added value, and the GDP is a sum of added values."

In the analysis of the current and capital outlays, it states that their share of the GDP during 1981 will be reduced 3 points in comparison with 1980; and it also stresses a reduction in funds with respect to the GDP, due to the fact that, "what is collected in addition, as a result of the increased rate and expansion in base of the VAT, is far less than the fiscal cost of eliminating the contribution to the social security system and the contribution to FONAVI, as well as the many repealed taxes." It adds that, in this way, the overall tax pressure will be reduced.

Despite the reduction of the share of the funds in the GDP, the size of the cut in outlays has caused the need for financing (deficit) to be reduced by 1.3 points in comparison with the definitive budget of 1980.



U

(1) SECTOR PUBLICO						
(2) Ingresos - Erogaciones - Necesidad de financiamiento en % del P.B.I.						
(3) Concepto		1970	1971	1972	(4) Presupuesto 1980 1981	
(5)	Recursos corrientes	24.90	19.89	22.96	30.89	29.01
(6)	Tributarios	13.84	9.37	11.51	18.04	16.53
(7)	No tributarios	11.06	10.52	11.45	12.85	12.48
(8) II	Erogaciones corrientes	18.59	25.85	20.52	25.59	23.42
(9)	Personal	10.91	16.19	9.82	13.92	12.23
(10)	Bienes y servicios	5.68	6.36	8.07	7.23	6.88
(11)	Otras	1.80	3.48	2.63	4.44	4.41
(12) III	Ahorros (I - II)	6.31	- 5.96	2.44	5.30	5.59
(13) V	Recursos de capital	0.38	0.18	0.12	0.10	0.12
(14) V	Erogaciones de capital	7.81	8.94	12.02	9.60	8.61
(15)	Inversión real	7.29	8.16	10.82	9.01	8.38
(11)	Otras	0.52	0.78	1.20	0.59	0.23
VI Necesidad de financiamiento						
(16)	(II + IV - II + V)	1.12	14.72	9.48	4.20	2.90

Key:

1. Public Sector
2. Revenue - Outlays - Need for financing in % of GDP
3. Item
4. Budget
5. Current funds
6. Tax
7. Nontax
8. Current outlays
9. Personnel
10. Goods and services
11. Other
12. Savings
13. Capital funds
14. Capital outlays
15. Real investment
16. Need for financing

2909

CSO: 3010

## HIGHER PRICES TO OFFSET LOWER WHEAT PRODUCTION

Buenos Aires CONVICCION in Spanish 24 Jan 81 p 14

[Text] In a study of current economic trends, the Argentine Cattlemen's Bank estimated that, despite the reduction in the fine grain crop harvest of the 1980-81 season in comparison with that of the previous year, "the higher international prices will make it possible to offset, and even exceed the receipts from the 1979-80 cycle."

The report adds: "In this connection, it may be noted that wheat will command an average price of about \$200 per ton (dol-ton) (whereas the figure was \$159.74 in 1979-80); flax will be priced at 310 dol-ton (as compared with 254.46 dol-ton); and oats will be priced at 160 dol-ton (as compared with 108.20 dol-ton)."

The report on the "current situation of the agricultural-livestock sector" for the period November-December 1980, also states that, "Internationally, the grain markets have experienced changing alternatives."

It goes on to say that, "As is well known, the prices since mid-1980 have shown a steadily upward tendency, partly due to the decline in the production of forage grains and soybeans in the United States, and weather problems that upset the wheat in the Soviet Union and Australia."

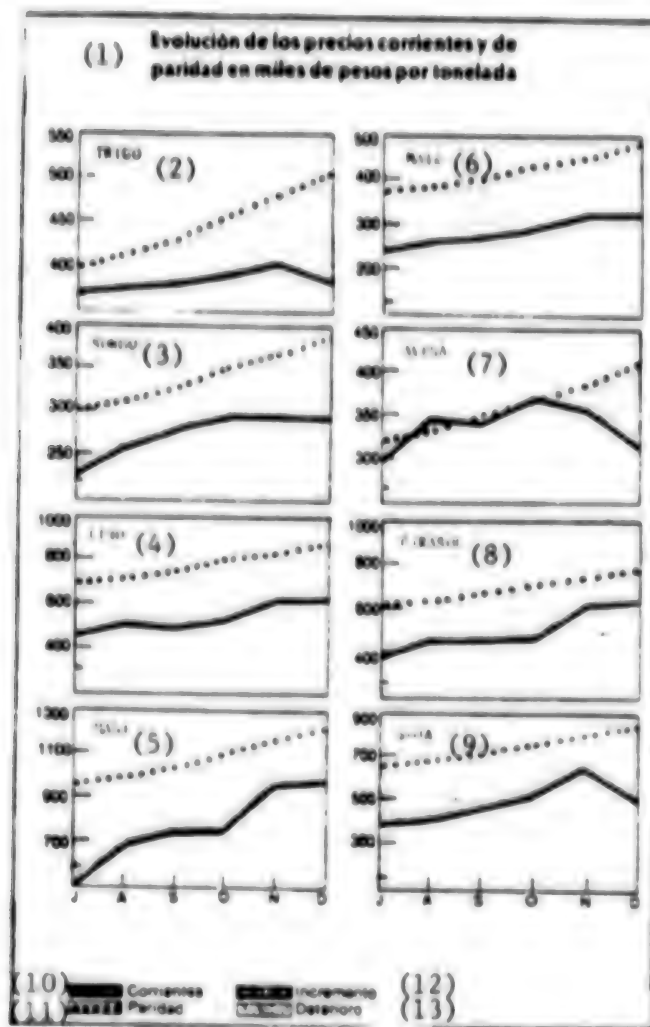
It adds: "This was compounded by the positions assumed by the futures market operators regarding the victory of Ronald Reagan, in view of his apparent intention of lifting the grain embargo on the Soviet Union."

It immediately notes: "Nevertheless, at the beginning of December grain prices began to show a steady decline, a situation that may be presumed to be temporary in nature, due to speculative activity involving transfer of funds to the financial market, in reaction to the rise in interest rates."

The study emphasizes that the volume of the fine grain crop harvest of 1980-81 will total 9.3 million tons, as compared with 9.9 million obtained during the 1979-80 cycle.

As for the livestock situation, it points out that, "The local market continued to show further declines in prices of beef cattle, which may be attributed basically to a forced demand for exports."

In conclusion, it remarks that, "The reduction in prices has occurred simultaneously with a cyclical phase of stock repair, which means a very moderate total supply."



Key:

- |  |  |
|--|--|
| 1. Performance of current prices and par value in thousands of pesos per ton |  |
| 2. Wheat   |  |
| 3. Sorghum   |  |
| 4. Flax  |  |
| 5. Peanuts   |  |
| 6. Corn  |  |
| 7. Oats  |  |
| 8. Sunflower   |  |
| 9. Soybeans  |  |
| 10. Current  |  |
| 11. Par value  |  |
| 12. Increment  |  |
| 13. Decline  |  |

2909

CSO: 3010

## AMNESTY BILL WILL EXCLUDE FOREIGN GUERRILLAS

PA120358 Paris AFP in Spanish 1459 GMT 11 Feb 81

[Text] Bogota, 11 Feb (AFP)--The Colombian Government denied today that amnesty offered the guerrillas would benefit foreigners in their ranks.

Government Minister German Zea Hernandez said Colombia cannot open its doors to terrorists from other countries so they can commit crimes here. The amnesty bill is about to be approved by congress (chamber and state), which is holding special sessions as part of a political agreement that has assured its approval.

Zea Hernandez told newsmen state security organizations have detected the presence in Colombia of foreign guerrillas participating in subversive activities.

"Some of these have been arrested," the minister said, but he did not give their names or nationalities.

He said Colombians "cannot use the amnesty to open the doors to foreign guerrillas so that they can commit crimes that are punished harshly in their own countries."

The minister also said there are leftist guerrillas in Colombia because "we have complete freedom of the press and human rights are respected here."

He said that in previous years in Argentina, Chile, Paraguay and Uruguay there were guerrillas much more dangerous than the ones now operating in Colombia.

"They were repressed with an iron hand by their governments," Zea Hernandez explained, and added that "now these guerrillas have moved to Colombia."

The amnesty for the guerrillas, according to the government's promises, will allow the lifting of the state of siege and the reestablishment of national peace.

Zea Hernandez also explained that the Colombian guerrillas, with the support of extremists from the southern cone, have managed since 1978 to "endanger Colombian democratic institutions."

"Future Colombians will owe much to President Julio Cesar Turbay Ayala for having faced these difficult moments with wisdom," Zea Hernandez said.

CSO: 3010

## BRIEFS

**RIGHTS REAFFIRMED--**Bogota--Communications Minister Gabriel Melo Guevara has told this station that Colombia reaffirms its rights over the geostationary orbit in the face of U.S. attempts at making this orbit its own. The minister said: [Begin recording] There has been a consistency in Colombian policy regarding this matter. We feel that the geostationary orbit is linked to our planet because it depends on gravitational phenomena generated by the earth. Therefore, we feel that the Colombian segment of the geostationary orbit is our patrimony. We have maintained this at various international forums. We feel that no fixed satellites can be placed in this orbit without the permission of the Colombian state. Consequently, we have reaffirmed these rights in the face of certain requests by U.S. firms to place satellites in our geostationary orbit. [End recording] Regarding the progress of efforts to launch a Colombian satellite, he said: [Begin recording] They are going fine. This project has been advancing satisfactorily and has received a great boost. So much so that we are entering into contracts to prevent any delays. This rate of progress will result in our launching of the first communications satellite by late 1983 or early 1984. [End recording] [Excerpt] [PA182016 Bogota Radio Sutatenza Network in Spanish 1200 GMT 18 Feb 81]

**U.S. POLICY ATTACKED--**Gilberto Vieira, secretary general of the Communist Party of Colombia, has declared in the Soviet capital that any U.S. aggression against Cuba would also be against all of Latin America which again will demonstrate its solidarity with the Cuban revolution. Speaking to journalists accredited to the 26th CPSU Congress, the Colombian leader said the policy of the current White House administration represents shameless support for the military tyrannies in Latin America. He noted that the threats of U.S. President Ronald Reagan received the first and specific response at the second congress of the Communist Party of Cuba and in the rapid mobilization of the Cuban people to join the territorial militia so that along with the armed forces they can defend their country. [Text] [FL191840 Havana Domestic Service in Spanish 1800 GMT 19 Feb 81]

CSO: 3010

## REPORTAGE ON CUBAN INTERNATIONALIST PROGRAM IN PDRY

Havana GRANMA WEEKLY REVIEW in English 21 Dec 80 p 12

[Article by Rodolfo Casals]

[Text] Fruitful Cooperation in 10 Branches of Economy and Services



EVER SINCE the South Yemeni Revolution started 17 years ago, on October 14, 1963, the Cuban people have followed events closely in this small country located in the southern part of the Arabian Peninsula. The revolutionary identity and close ties of friendship between the two countries have been strengthened by the presence of

Cuban workers in Yemen who, with their daily efforts, have contributed and are contributing to the Yemeni people's struggle to overcome the backwardness stemming from 129 years of British colonial domination.

In late 1972, the first Cuban medical brigade arrived in Lahej, capital of the second province, to begin civilian cooperation between Cuba and the People's Democratic Republic of Yemen.

Then came technicians and specialists in livestock, poultry farming, mining, fishing, tobacco growing, education and sports and professors of medicine.

The experience of the Cuban internationalists who have worked in Democratic Yemen for eight years has led to magnificent results, said Daniel Iglesias, head of the Economic Cooperation Office.

The most important of these gains are the setting up in 1975 of the Aden medical school; providing medical care to the second province; the work in poultry farming to supply the people with chicken meat and eggs; the start in 1973 of an artificial insemination program applied to cattle and sheep; setting up a laboratory to process semen; introducing the method of freezing semen pastilles; and selecting appropriate soil to plant light tobacco.

Iglesias told us that at present Cubans are working in four of the six provinces of the country in the fields of artificial insemination and poultry farming, in the medical school, on the medical brigade, in construction, fishing, education, sports, tobacco growing and maritime transportation. As part of the cooperation program, young Yemenis are studying in Cuba to be professionals or intermediate-level technicians.

Working in Democratic Yemen, says Iglesias on behalf of the Cubans in Yemen, gives us the double satisfaction of fulfilling our patriotic and revolutionary duty and partaking of the affection and appreciation for the Cuban Revolution, its leaders and the Cuban people displayed by the 2 000 000 inhabitants of Democratic Yemen.

One of the most outstanding of the Cuban civilian groups is that made up of comrades serving as advisers in the shipyards and ports.

Angel Martínez, Jorge Martínez and Jorge Rodríguez work in organizing all dock activity — loading and unloading ships, storage, training personnel, etc. — as well as training leadership cadres to supervise the work, while Víctor Douglas, Heriberto Marturel, Antonio Enseñat, Manuel Mesa and Juan Parris, who serves as group chief, work in the repairs section of the shipyards.

"Our specific work," said Parris, "is to advise our Yemeni counterparts in the speciality of each comrade in our group. This doesn't mean that we don't participate directly in production whenever necessary, as in the case of a slipway we built recently."

When the specialists in maritime transportation arrived in Democratic Yemen a year ago, they were asked to undertake a study of the ports and shipyards in order to pinpoint the problems that were affecting production. A month later they presented their proposals, many of which have been implemented:

- installing a gantry crane in the repair shops;
- enlarging the hull, metalworks, machinery and electric shops;
- clearing out the yards;
- improving environmental conditions;
- using safety equipment; and
- reorganizing the shipyards in line with work flow to achieve greater productivity.

"In addition," Parris said, "a flow of information has been established between the cost, financing and accounting departments, local technicians have been trained in the operational planning of production and classes have been given in planning, technical drawing and electricity."



In recognition of the exemplary work done by this group, the Ministry of Transportation of the People's Democratic Republic of Yemen has asked them to stay on an additional six months after their year is up.

## First Generation of Doctors in the PDRY To Graduate in 1982

After obtaining independence following four years years of heroic armed struggle on November 30, 1967, the people of South Yemen started the struggle against the tremendous backwardness present in all sectors of society which was a legacy of colonialism.

In a country where malaria, parasitism, cholera, tuberculosis, bronchopneumonia, anemia and gastrointestinal diseases, among others, were widespread among the population — especially among children — when the Revolution was victorious, there were only a dozen doctors and they were all in urban areas.

To overcome the lack of medical care, Yemeni students were sent to the USSR, Cuba, the GDR, Bulgaria and other countries, and medical brigades from several countries provided aid.

Since late 1972, when the first Cuban medical brigade arrived, Cuban personnel have been ministering much of the medical care for the people in the second province.

The members of the present brigade — internists, odontologists, pediatricians, orthopedic specialists, surgeons, obstetricians, gynecologists, nurses, lab technicians and X-ray technicians — are working, as in the case of previous brigades, at the Martyrs of Abbas Hospital in the city of Lahej which has 153 beds, seven offices for outpatient care and an emergency ward.

From May to September, a total of 40 070 patients were treated on an outpatient basis in the emergency ward or in checkups, and 1080 operations were performed. In the same period 1121 people were hospitalized and there were 28 deaths, 18 of them children.

"The most serious problem was late hospitalization, that is, the delays of some people in going to the hospital or taking their children or other relatives," said Teresita Argilagos, head of the 7th medical brigade.

On the same subject, pediatrician Adolfo Mesa said this was due to a certain lack of health education on the part of the people as a result of the exploitation and neglect to which the country was subjected by colonialism. However, both doctors explained that notable progress has been made in the drive to eliminate old habits, thanks to the government health policy, in spite of the lack of personnel and resources.

As a definitive and long-term solution to the problem, in 1973 it was decided to set up a medical school in the

country, and a Cuban delegation undertook the studies required to carry out the project.

After having overcome many problems, the medical school opened its doors in 1975 with 54 intermediate-level students of modest origin, in wooden rooms with zinc roofs.

"Ever since the school was opened, the teaching has been done by Cuban doctors with considerable scientific knowledge and teaching experience," said Dr. Nelson Bustamante, a specialist in urology. Now, as an indication of the progress being made in this very important branch of the social services, the first year courses are taught by Yemeni professors with Cubans in an advisory capacity.

Pediatrician Sandalio Durán, who heads the teachers, said the objectives of the teaching group are to train internists and prepare their Yemeni counterparts to teach. The initial results will be seen in the coming years, but this is not to say that the problem will be fully solved, since this is a long-term project.

Biochemist Lidia Cardellá said students at the school do very well, they present fine papers and on graduating will have a good scientific grounding. Another indication of the progress made, which also shows the accomplishments in the drive for bringing about the equality of women, is the fact that in the first class 23 percent of the students were women but by the second, the figure had climbed to 75 percent.

Durán said the program is very similar to the one in Cuba and now they already have three teaching hospitals: the Al Ghomuria clinical-surgical, the gynecology-obstetrics and the Mansura children's hospitals.

Five years have passed since the medical school was opened in the PDRY and, not counting the new students in the 1980-81 school year — roughly 80 — there are 309 students: 82 in second year, 58 in third, 65 in fourth, 52 in fifth and 52 in sixth. The Cubans are also training 25 Yemeni doctors to serve as professors.

The hard work and dedication displayed by the Cubans who fulfilled internationalist missions here in the past, those who are doing so now and the brigade that will be working here next year will make it possible for 52 Yemeni doctors to graduate in 1982. This is the first class in the school and the largest in the country's history.



## Notable Progress in Poultry Farming and Artificial Insemination

"Two of the branches of the economy where the results of the work done by Cuban internationalists is most evident are poultry farming and cattle breeding, which were practically unknown in Yemen before the start of the cooperation program between the two countries in late 1972.

"When the first Cuban poultry specialists arrived in Democratic Yemen there was only a run-down farm in the fifth province," said Nelson Granados, a specialist in fowl pathology and one of the advisers who now helps out in production, planning, veterinary medicine, genetics, incubation and nutrition.

Thanks to the work of Yemeni personnel and Cuban advisers, 14 poultry complexes have already been built: two incubation sheds, a feed-processing plant and 11 farms. All Yemeni workers were trained by the Cubans.

Granados explained that in order to set up poultry farming in Yemen, Cuba supplied the top quality and internationally renowned breeders (fertile eggs and fowl). The objective was to produce both eggs and meat.

Currently the poultry farms in Democratic Yemen contain a total of 70,000 layers, 5,000 reproducers of the layer strain, 5,000 meat producers and 5,000 solely for breeding purposes. This year plans are aimed at producing about 14 million eggs and about 200 tons of meat.

The animals are in good health and the outlook is for steady improvement and growth of stocks and increased output of eggs and meat, which are in great demand in this country of barely two million people, Granados said.

The Yemeni officials in charge of poultry farming have repeatedly expressed their appreciation for the work done by the Cubans who have also helped increase the life span of fowl through adequate care, better organization of the work on farms, a balanced diet and preventive medicine.

Along with poultry farming, artificial insemination was introduced in Yemen by Cuban personnel who initially trained local technicians and are now working in an advisory capacity.

The Cuban brigade now in Yemen includes veterinarians and inseminators and is headed by agronomist Marino Dominguez. They are in charge of two dairies and two sheep breeding stations in the second province, three dairies in the third province and three sheep breeding stations in the fifth. They also provide technical aid to the Nasser Institute of Agronomy where, along with the students, they have set up a science club on insemination.

The work of artificial insemination, said Dominguez, began several years ago with top quality semen sent from Cuba. Later on, Bulgaria donated ten holstein studs with which the Artificial Insemination Center was set up and Cuban technicians started turning out locally produced semen which was then frozen into pastille form. Then came a further Cuban donation of Frisian-holstein semen.

Now only six of the Bulgarian animals are active, but there are two Frisian offspring of the Cuban studs. There are 1078 cows, 200 heifers and 1736 sheep involved in the insemination program.

The members of the Cuban brigade are now working on the selection of animals for a cross-breeding program which, in the case of cattle, could involve a cross with the Cuban zebu. In this case a multipurpose animal could be obtained which would resist the rigors of the weather and not have the problems of the Frisian or holstein in the summer (May-September) when, due to the high temperatures, they barely produce milk and their mortality rate increases.

Last year the efficiency rate for cattle insemination was 38.5 percent, four percent greater than in 1978; the goal for this year is 42 percent. For sheep, which are more numerous, the peak rate reached so far has been 62 percent and the goal is 85-90 percent by means of a project that includes inseminating all available animals every five and a half months over a period of two months.

This insemination of sheep in two yearly stages is being undertaken by the brigade in an experimental manner so that births and weaning will coincide with the period in which the country produces the most fodder. This is aimed at producing 1.5 animals per year with a view to increasing gestation and thus, the stocks in Democratic Yemen, Dominguez explained.

## BRIEFS

**NEGATIVE ANDEAN TRADE BALANCE**--According to a report from the Federation of Ecuadorean Chambers of Commerce, Ecuador has had a negative balance in its trade with the Andean countries for the first time in 16 years. The report says that last year's figures show a negative balance of \$3 million for Ecuador. Quoting a \$180 million balance in Ecuador's favor in 1976, the report says that this disparity is caused by a continuous increase in imports and irregular exports by Ecuador, particularly oil. The report says that manufactured goods account for 94 percent of Ecuador's total imports. [PA032129 Quito Voz de Los Andes in Spanish 1230 GMT 29 Dec 80]

**PRESIDENT APPROVES 1981 BUDGET**--President Jaime Roldos Aguilera has approved a budget for the 1981 fiscal year totalling 55.8 billion sucres after accepting the proposals and suggestions contained in a report prepared by the tax, fiscal, banking and budget committee of the National Chamber of Representatives. The report dealt with amendment of the 1981 fiscal year budget. The president sent a note to the president of the Chamber of Representatives through Augusto Alvarado Garcia, national public information secretary, saying that as president of the republic, he agreed with the suggestions made by the committee regarding the draft budget, although this may require sacrificing some of the programs planned by the national government that are funded in the budget. Moreover, the president said he considered it to be great importance to the country that the budget go into effect on 10 January 1981. [Text] [PA301533 Quito Voz de Los Andes in Spanish 1230 GMT 30 Dec 80]

CSO: 3010

## FMLN'S CAYETANO INTERVIEWED ON SITUATION IN COUNTRY

Havana VERDE OLIVO in Spanish 4 Jan 81 pp 15-17

[Interview with Salvador Cayetano Carpio, "Commander Marcial," a member of the Unified Revolutionary Directorate of the Farabundo Marti Front for the National Liberation of El Salvador (FMLN), by Pedro Martinez Perez; date and place not given]

[Text] Salvador Cayetano Carpio, Commander Marcial and a member of the Unified Revolutionary Directorate of the Farabundo Marti Front for the National Liberation of El Salvador, chaired the Salvadoran delegation that took part as a guest in the Second Congress of our party.

[Question] What is your assessment of the congress of Cuban Communists in their support for the just struggle of the Salvadoran people?

[Answer] I want to express the deep emotion that the entire delegation and, to be sure, the Salvadoran people have felt regarding the Second Congress of the Cuban Communist Party.

It is an event of far-reaching historical importance for the entire continent. It represents an enormous step forward in the struggle of all peoples for the triumph of the world revolution, for the triumph of the liberation of peoples. The congress has set forth the guidelines for the vigorous development of socialism in Cuba, and in this regard it is a major event because it prepares and rallies all of the forces of Cuban society for the construction of socialism and for the achievement of the lofty goals of a society that the entire continent admires and wants to emulate.

I ought to stress that because this congress has provided a push towards socialism, it represents a historic development in the life of our peoples. Moreover, however, it has focused the will and the strength of the entire Cuban people to prepare for any sort of aggression by American imperialism, which is threatening the entire continent and its vanguard, Cuba, in particular. This people's unequivocal response to the imperialists has been, nonetheless, that they will fight until the last drop of their blood to defend their dignity and the dignity of the Americas. In this regard, the congress is an enormous development that fills all democrats and revolutionaries on the continent with joy.

[Question] Commander "Marcial," what has been the most emotional part of your visit to our country?

[Answer] I have been in Cuba several times. The first time was as an exile in 1950 with the fraternal assistance of the Popular Socialist Party and my beloved comrade Blas Roca. On that occasion I realized how terribly the bourgeois dictatorship of Carlos Prío Socarras oppressed and exploited the Cuban people and I saw the machinegunning of worker assemblies. Comrades Jesus Menendez and Aracello Iglesias had also recently been slain.

I witnessed attacks on union headquarters and the publicity offices of revolutionary organizations. I also realized how corrupt and wildly repressive the regime was.

Then came the Batista people. Just as in my country, we began seeing students and workers tied up by their thumbs, their faces disfigured and their bodies thrown by the side of roads. At that juncture a number of comrades told me with deep-seated faith that the Cuban Revolution would be victorious.

Then came the epic led by Commander in Chief Fidel Castro. First there was the uprising; then the entire Cuban people joined the revolution, and finally came the inevitable triumph. I was back in Cuba in 1962, during the time that the Yankees were threatening the Cuban people. I was deeply moved when the Cuban people rose up in unison around their revolutionary directorate and Comrade Fidel Castro and told Yankee imperialism that they were willing to fight until the last man but that they were not willing to be slaves again and that dignity was a most sacred quality that had to be defended to the last.

Cuba rose up like a giant in the eyes of the entire continent, demonstrating what a people can do in response to an insolent colossus, American imperialism. I have later seen the construction of socialism. One of my fondest experiences was my visit to the Isle of Youth during the initial years that young people were going there to build a communist territory. The enthusiasm of those youths building a new life moved me very deeply.

Our country, El Salvador, is now engaged in a supreme, heroic effort to gain power so that it can build a democratic and revolutionary society in which all healthy and progressive elements can live in peace and enjoy full freedoms. On this occasion, when it has been my honor to attend this congress on behalf of the Farabundo Martí Front for the National Liberation of El Salvador and to come as the representative of a people at war, I have been very deeply moved to see the enormous, enthusiastic, energetic solidarity of the Cuban people, this internationalist people that has spoken at this congress of internationalists. I am deeply moved at having witnessed these expressions of solidarity and a willingness to defend our people, the willingness expressed in the desire of all Cubans, to the last citizen, youngster and child in Cuba, to shed their blood on Salvadoran soil, if necessary, to liberate our homeland and help our heroic people.

I have also been deeply moved by the solidarity of all the peoples of the world, as expressed by 140 delegations from the countries that have voiced in all sincerity their warm affection and their real willingness to support the Salvadoran people, not just spiritually but materially as well.

This kind of emotion is really impossible to describe, because I feel that justice is being done to a heroic people who are shedding their blood in inconceivable ways to gain their freedom. One of the most important moments of the congress was when all those assembled warmly welcomed me, a man of the Salvadoran people, as I prepared to deliver my humble address to them.

At that moment I thought only of all the men and women in the various regions and departments, rural areas and cities of my country, in the combat trenches, in the "tatuses" as we call them, in local districts and neighborhoods, in the cantons and hamlets, seeing to their self-defense, in the people's militias, the guerrilla groups and the regular combat units of the Farabundo Marti Front for National Liberation.

At that moment I thought of all the comrades who have shed their blood, all the brave revolutionary leaders, both of mass and military organizations. As the entire congress was applauding the heroic exploits of the Salvadoran people, my thoughts turned to our fallen comrades, symbolized by Saul Santiago Contreras, Comrade Jose Dimas Alas, Felipe Pena, Comrade Arce, Lil Milagro, beloved Comrade Eva, Francisco, Tono, Apolinario Serrano, Roberto Cibrian and thousands of our combatants who have given their lives in this heroic struggle for the future of our people.

But the moment that moved me the most was when Comrade Fidel, on behalf of the Cuban people, gave me a firm embrace for the Salvadoran people, thus exalting the heroism of this people and expressing his faith and confidence that the people of El Salvador and of all Central American will soon win their liberation.

[Question] Commander "Marcial," the Salvadoran Church has just termed the appointment of Jose Napoleon Duarte as president of El Salvador's Military-Christian Democrat Junta a "change of facade." Do you agree with this assessment by the Salvadoran Catholic Church?

[Answer] I think that the phrase is quite appropriate. We could expand somewhat on the description. It is really just a "plastering over," a poor "plastering over" of the facade. Putting in "Corporal" Duarte, that unscrupulous and criminal politician, as president simply means further highlighting the military power behind him.

Duarte is turning out to be a tiny, servile puppet sitting on the lap of the military colossus represented by Abdul Gutierrez. Abdul's appointment as vice president means that if his civilian, Christian Democrat puppet does not properly perform the tasks entrusted him by the army, he can immediately be replaced at any time by the people with the weapons pointing at his back, by the counterrevolutionary military commanders who control the army.



So, the position that Duarte is now in clearly shows what his role is: he is merely a puppet of the bloodthirsty machine engaged in genocide against our people, a machine directly run by the Yankee advisers. This illustrates the role of the small group of corrupt, ambitious Christian Democrat leaders, who have lost all trust, all prestige, even in the rest of the Christian Democrat Party.

So then, Monsignor Arturo Rivera's description is quite apt. We could add that it is merely a patchup job inspired by the State Department and directed by Carter during his final days in office, because he wants the patch to last for at least his remaining month as president.

[Question] Commander "Marcial," in your speech to the Second Congress of the Cuban Communist Party, you stated that the Salvadoran revolution is backed by the entire nation, that it is part of a Central American process and that Salvadorans did not want direct Yankee intervention but did not fear it either because they were prepared to repeat the exploits of the Vietnamese were it to come about. Do you think that given the conditions in El Salvador the Salvadoran people are objectively and subjectively in a position to repeat the exploits of the Vietnamese if they had to?

[Answer] We do not, in fact, want American imperialism to intervene; however, we cannot sacrifice the struggle for our independence because of threats by American imperialism. We cannot put our people's right to self-determination at stake in any negotiations. In this regard, now that we have gotten to such an advanced stage in El Salvador's revolutionary struggle, naturally we do not want it to be prolonged or to become complicated with such high social costs in the form of more bloodshed among the Salvadoran people.

We are not, however, willing to renounce our desires for independence, democracy and self-determination. In this regard, the Salvadoran people, who have been struggling for 50 years against a military tyranny with sufficient spirit and combat determination, a battle-hardened people determined to win their liberation, are willing, but more than that, they feel that it is inevitable for them to confront American imperialism with all their forces, if it makes that mistake.

In an even struggle like that an isolated people would obviously suffer a severe social toll, but regardless of how costly the struggle against American imperialism is, we know that our people will be able to defeat it. But at the same time we know that that struggle has to be carried on with the support of all the peoples of the world, and from what we have seen at this congress, we are absolutely certain that an attack on El Salvador would become a problem for imperialism, because all peoples would support El Salvador, and the spark kindled there would become the flame that would liberate all Latin America.

[Question] In what sense is the struggle of the Salvadoran people linked to the struggle that the people throughout Central America and the Caribbean are waging?

[Answer] The peoples of Central America have had a single history from the very beginning. After independence came the separation, owing to the close-knit interests of the feudal lords in each country. But the borders there are artificial. These borders, erected on the basis of the petty interests of the feudal lords, first, and then of the bourgeois oligarchs in each of the countries, are going to be shattered by the struggle of the Central American peoples.

In this connection, the Nicaraguan Revolution has meant the beginning of good fortune for all the nations of Central America. That is to say, the history of Central America has been changed by it. And our struggle in El Salvador is of necessity, objectively, whether we like it or not, linked to the struggle of our Guatemalan, Honduran, Nicaraguan, Costa Rican and Belizean brothers. It is a single struggle.

The march towards liberation is a gradual one, and although it presents differences in one country or another, it represents a single process towards the liberation of Central America. So that if just one of our countries, whether it be Guatemala, Honduras, El Salvador or Costa Rica, were to liberate itself, it would strengthen the process and make it unstoppable and swift. At the same time it would exert a great influence on the revolutionary struggle throughout Latin America and the Caribbean.

[Question] What are the aspirations of Salvadoran revolutionaries, Commander "Marcial"?

[Answer] The aspirations of Salvadoran revolutionaries, of the people, of all democratic, progressive and revolutionary sectors are set forth in the platform of the revolutionary democratic government, as proclaimed by the Farabundo Marti Front for National Liberation. A revolutionary democratic government that will guarantee sovereignty and national independence and assure and safeguard the self-determination of the Salvadoran people.

This government will guarantee the people peace, freedom, well-being and progress. It will undertake political, economic and social reforms to guarantee a just distribution of the wealth, the benefits of culture for all inhabitants, health care and the effective exercise of the democratic rights of the masses.

Internationally, it will pursue a policy of peace and nonalignment; in other words, it will join the organization of nonaligned countries. It will insure the democratic representation of all grass roots, democratic, progressive, patriotic and revolutionary sectors that have been actively instrumental in toppling the military dictatorship.

It will form a new kind of army, a revolutionary people's army that will accept all healthy, patriotic and revolutionary elements of the existing army, the official army, that want to serve the interests of their people.

The revolutionary democratic government will support all those small private businessmen and industrialists and all healthy elements that want to spur the



country's development and the implementation of the revolutionary democratic program. These points embody the Salvadoran people's aspiration to liberate themselves from the control of American imperialism and to fully exercise their self-determination.

[Question] Commander "Marcial," why have the revolutionary Salvadoran people chosen Farabundo Marti as their symbol? What does Farabundo Marti represent as the number one symbol of the Salvadoran revolution today?

[Answer] The Salvadoran people have always been a brave, combative people aspiring to free themselves from oppression and exploitation. Last century the banner of emancipating the humble and the exploited was unfurled by that unforgettable leader of the people Anastasio Aquino.

One hundred years later, Farabundo Marti led our people's greatest rebellion, the 1932 peasant farmer and worker uprising. He was then gunned down along with 30,000 workers and peasant farmers. Ever since then the military tyranny has established itself on mountains of dead bodies and rivers of blood.

To our people Farabundo Marti represents the consummate revolutionary. A consistent internationalist, he fought along with the general of free men, Augusto Cesar Sandino, in the Segovias Mountains. He was a consistent anti-imperialist.

At one point, as a result of machinations by U.S. imperialists, he was not allowed in any country in the Americas and traveled around in a ship from port to port, rejected by the puppets of imperialism. Furthermore, Farabundo Marti became a sublime Marxist-Leninist thinker.

He was a communist, helped to found the Communist Party of El Salvador, headed it up, fought to disseminate socialist ideas at the time and was an ardent patriot. In other words, he was able to combine patriotism and internationalism. He was able to bring together all of the elements of struggle, inasmuch as he guided the masses and gave them the example of his historic hunger strikes.

At the same time, he organized and piloted the armed revolutionary struggle of the exploited and the oppressed. So then, Agustin Farabundo Marti was the greatest revolutionary to come out of our people. He is the most sublime example for all of us, both politically, ideologically and practically, in utilizing both peaceful and armed methods of struggle, in combining political struggle with armed struggle and a grass roots uprising. Thus, Farabundo Marti is the symbol of the ongoing revolutionary struggle of our people, and that is why the National Liberation Front has selected Farabundo Marti as its banner and example.

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## 'PEOPLES TRIBUNAL' CONDEMNS SALVADORAN JUNTA, U.S.

PA190333 Havana International Service in Spanish 2310 GMT 18 Feb 81

[Commentary: "Our America"]

[Text] For several days the Peoples Permanent Tribunal met in Mexico City to judge the crimes of the genocidal Salvadoran christian democratic-military junta. The trial was held at the request of the Salvadoran human rights commission. The tribunal has 56 members. Some are scientists, jurists, writers and church officials. The tribunal has a 10-member jury. On this occasion the members of the jury were Noble prize winner George Walls, theologian (Narvi Cox), sociologist James (Petrac) and Dr Vincent Navarro. They are all U.S. citizens. The other members were Marden (Tunney), Algerian former justice minister; Magr Sergio Mendez Arceo of Mexico; Ernesto Melo Antunez, Portugal's former foreign minister; Richard (Vonland), a Swiss jurist; Giulio Girardi, an Italian theologian, and Edmon (Jou), a French lawyer.

Before reaching a verdict, the tribunal listened to evidence and saw films, photographs and other documents that the Salvadoran human rights commission submitted to corroborate the crimes committed by the Salvadoran regime in a futile effort to remain in power. With all the evidence in hand, the tribunal was able to reach a verdict, finding the christian democratic-military junta guilty of the crimes of genocide and of violating the fundamental rights of the Salvadoran people. Copies of the verdict will be submitted to UN and other international organizations to bring to their attention the fact that in El Salvador the present violation of human rights has resulted in the deaths of a large number of people for political motives and for holding positions contrary to the junta.

The tribunal reached the conclusion that the massive and deliberate nature of these crimes are an act of genocide carried out by the Salvadoran junta, which treats the people in the most cruel, inhuman and degrading manner.

The tribunal declared that the Salvadoran people are more than justified in promoting an insurrection. It recommends that all governments abstain from giving any military or economic support to the Salvadoran junta which could be used against the Salvadoran people.

During sessions there was much evidence accusing the United States of intervening in the internal affairs of El Salvador. In view of this, the tribunal issued a verdict condemning the U.S. Government for supporting the Gutierrez-Duarte regime and thus being an accomplice of the Salvadoran junta, which is committing heinous crimes against the people of Agustin Farabundo Marti.

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## ENVOY TO CUBA DISCUSSES DOMESTIC, CENTRAL AMERICAN SITUATION

Havana VERDE OLIVO in Spanish 11 Jan 81 pp 20-21

[Report on interview with Nicaraguan ambassador to Cuba Marco Antonio Martinez, by Roberto Morejon at the Nicaraguan Embassy in Havana; date not given]

[Text] It did not take me long after entering the Nicaraguan Embassy in Cuba to appreciate the atmosphere of brotherhood that has always prevailed among Nicaraguans.

Comrade Ambassador Marco Antonio Martinez helped to reinforce this impression in me. Solicitous towards his Cuban "brothers" (as they say), he immediately agreed to begin answering my questions about the destabilization plans launched against the Central American country by its enemies.

Nicaragua has had tense moments in recent months as it has tried to heal the wounds of the war and of several decades of Somoza tyranny.

"As our leaders say, we ought to feel spurred on by the existence of a counter-revolution. It shows that the revolutionary process is intensifying. If we were not bringing about profound transformations, the enemy would be happy and would not be plotting against us. Such moves do not frighten us, therefore; we are on the right road."

The young worker of the Sandinist Revolution fired off this first answer in a more than optimistic tone. He took part in the struggle against the dictatorship, especially during the Managua uprising, and after its triumph in July 1979 assumed important posts. He was later appointed ambassador to Panama and recently transferred to Cuba.

Heedful of any news from his country, he made a convincing case when he stated categorically: "Internally, the counterrevolutionary endeavors do not represent a serious threat." He then clarified:

"The counterrevolution has expressed itself on various levels: ideological, economic, political and military. Nothing is separate. The local reactionaries and the ones in Guatemala, El Salvador and among some sectors in Costa Rica and Honduras have tried to work out a plan to destabilize our government.

"Thus, the activities of armed gangs are linked to political movements, in which people from the Higher Council of Private Enterprise (COSEP) have been involved. This includes Alfonso Robelo's Nicaraguan Democratic Movement (MDN), which once pretended to support the process."

Our talk turned to the controversial demonstrations called some months ago in Nandaime, which have been permanently banned by the authorities.

"They were an attempt to bring people together to distract attention from the infiltrators who were about to get through the Honduran border. State Security uncovered the joint plan and moved to neutralize it. Jorge Salazar, the vice president of COSEP, died during the investigations.

"Now then, they clearly realize that the counterrevolution lacks domestic backing. The masses overwhelmingly support the FSLN [Sandinist National Liberation Front] and the government. The only card they have left to play is that of imperialism and the Somozist lackeys. That is why they are trying to discredit the process internationally.

"Some sectors in Costa Rica are unfortunately playing into their hands. Television channels are letting Alfonso Robelo appear on programs of up to 1 hour and talk against the people and the National Reconstruction Junta. The TV audience is made up of people who were very supportive of our cause."

#### Attacks From Various Angles

We have also seen a surge in propaganda attacks in other areas of Central America.

"The campaigns in Guatemala and El Salvador are violently anti-Sandinist. The aim is to convey an image of crisis. An example of this was the publicity surrounding the withdrawal of the most reactionary representatives of private enterprise from the Council of State. This was supposedly linked to a planned armed incursion by former Somozists from Honduras, which was not in keeping with the country's official policy, though some isolated elements are collaborating in this regard.

"Attempts to discredit us internationally, the invasion, withdrawals from the Council of State, penetrating the Armed Forces, assassinating members of the front's National Directorate and of the Government Junta were moves that were supposed to be made in unison.

"The whole thing failed. The council has continued to function even better, because these elements only hampered its normal activities. Furthermore, a pluralism was maintained in it. The people took to the streets and turned back these maneuvers."

[Question] Even though the various conspiracies were foiled, aren't other angles being utilized to lessen grassroots support for the FSLN and the junta?

[Answer] Yes. Some examples are religion and the campaigns over the literacy drive, the work-study programs and the Christmas holidays. They are trying to distort all that. The counterrevolution is manifesting itself on the ideological level.

In this connection, the daily paper LA PRENSA is becoming the spokesman of the counterrevolution. As we say in our country, it is not the paper today that it was yesterday, in Pedro Joaquin Chamorro's day, when it was a sounding board for progressive, democratic ideas. The people who used to work for it are now with EL NUEVO DIARIO.

The Board of Directors of LA PRENSA (or of the bourgeoisie, as it is commonly known) overlook or downplay the nation's accomplishments, the mass rallies. It distorts the news, and its editorials are based on slander.

For example, it blows up some just grievance of a production sector. It also reported, buried somewhere in the middle of the paper, that the masses who attended the big ceremony last 19 November had been pressured into going by the FSLN.

It insulted our leaders to the extreme that Commander Daniel Ortega talked about not allowing this to continue. They never used that kind of vulgar language against Somoza because they realized that he would have sent in his armed battalion. Now, of course, there is freedom.

#### Armed Subversion

There are many reports of slayings by former members of Somoza's guard. The ambassador tells of the cowardly methods they use.

"As far as armed attacks are concerned, the counterrevolutionaries have not succeeded in pursuing their plan to strike harsh blows. Their plans have been uncovered, but we have not been able to prevent the death of several comrades who were caught by surprise without a chance to defend themselves.

"The gangs have their camps in Honduras, with only a few isolated groups holed up in our mountains. Most of them enter from Honduras and slay men, old people, children, combatants. They then fall back."

I said to him that in order to set up camp in the highlands of Jinotega, Matagalpa and other areas they would need help from the peasant farmers, who are not giving it.

"Of course. The fact is that the people are eminently revolutionary and oppose the activities of these gangs. The militias, the army, the forces of the Interior Ministry and the citizens are coordinating their efforts to pursue these criminals.

"The first militia battalion consisted of the sons of Monimbo, who gained such a reputation in the war against Somoza. They fought effectively for 2 months.



They were then relieved to allow more people to get involved. It is the standouts, to be sure, who move to the fore."

[Question] Have procedures been established for training the population?

Comrade Marco laughs at the naivete of the question because...

[Answer] Nicaraguans had their initial training long ago in the revolutionary struggles against Somoza. That was the best practice. Now they are just perfecting their firing and self-defense techniques.

The governments of Nicaragua and Honduras seem to have come up with a communications link to overcome the frictions caused by the border-crossings of the gangs. The authorities in Tegucigalpa are thus immediately informed when something happens. "They say that they are doing everything they can to resolve the problem," Marco asserts.

#### An Ambitious Businessman

Jorge Salazar turned out to be a private sector representative with uncontrollable ambitions. In the midst of the conspiratorial plans recounted above, he was slain in an exchange of fire as he was taking some M-16 rifles in his car to an estate he owned. When the signal to stop was given, the response from inside the car was gunshot. The Western press has distorted the incident.

"Counterrevolutionary agents traveled to El Salvador, Honduras, Costa Rica and Miami to prepare for the protest demonstration. This was corroborated by several of those who were arrested, who accused foreign ministers and members of the military juntas of other Central American countries. This worries us; nevertheless, we do not regard such complicity as official.

"Reactionary elements in the United States also received support from conservative groups there, although the aid to these 'stool pigeons' is not considered the official stance of the White House.

"Salazar was specifically trying to form a new government junta with representatives of private enterprise. Among the proposed members were Ismael Reyes, from COSEP; Alfonso Callejas, who at one time was a minister under Somoza, and Salazar himself. Those arrested also mentioned Robelo as a possible participant at a future meeting. We have nothing against these gentlemen and we have faith in their hardworking spirit and their desire not to get involved.

"The conspiracy aimed at setting up a so-called 'socialism in freedom,' which is nothing of the sort. It is merely the establishment of a dictatorship of the bourgeoisie with a democratic appearance."

[Question] To what extent was the other conspiracy that was uncovered (former Defense Minister Bernardino Larios') linked to the one headed by Salazar?

[Answer] As far as I know, we uncovered what this traitor's plan was. He intended to assassinate all of the members of the National Directorate of the FSLN with nine commando groups. Larios got in touch overseas with people contacted by Salazar. We do not know whether this was by mutual agreement...

[Question] Robelo's MDN has lately been stepping up its, shall we say, "opposition" campaigns...(he immediately cut me short)

[Answer] No, that word does not exist in Nicaragua. Counterrevolutionary, yes. The MDN is trying hard to confuse the masses with lies. It seizes on certain errors that are to be expected in any process and blows them up. It twists patriotic symbols and Sandino's ideas.

The domestic situation is under control, and in that sense the MDN is too. It is not making headway in ascribing an 'opposition' role to itself. There is only one road: the revolution. You are either beside it or outside it.

In this regard, I should mention the recent meeting among elements from private enterprise who came out for the "third way," that of the dictatorship of the bourgeoisie (the other two are Somozism and Sandinism or "totalitarianism," as they say). They talked about not continuing the dialog with the government until Salazar's death is "cleared up." This is ridiculous, because we know what this fellow was up to. Therefore, their stand will go nowhere.

I reminded him of what Commander Jaime Wheelock said at the mass rally that was held last 19 December in Managua to reaffirm support for the revolution. There is a parallel between external threats and "high-profile reactionary political activity within the country." The groundwork is being laid for "a climate of interventionism that all Nicaraguans must be ready to combat."

"That describes the current situation. We have two basic tasks: boosting production and defending the homeland. The counterrevolutionary campaigns of the 'stool pigeons' are forcing us to divert some funds into military preparedness. They will never take us by surprise. We will all defend the process; the only way they will be able to eliminate it is by wiping us from the map. They could destroy us, but conquer us, never. And destroying us will be hard."

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## BRIEFS

CIVIL GUARD POST ASSAULTED--Two armed men took the San Jose civil guard post near Ayacucho by assault. After tying up the guard, they took all the weapons and ammunition. The same group then assaulted the office of the municipal council destroying doors and stands. The alleged terrorist group took five boxes of explosives. The situation is now under control. A civil guard detachment left Ayacucho for that area to take care of the situation. Another detachment is carrying out a spectacular action against terrorists in Vischongo and (Virulongo). The security forces have arrested 19 persons and seized large quantities of dynamite and firearms. [Text] [PY141503 Lima Radio America in Spanish 1130 GMT 14 Jan 81]

NEW WAR SHIPS ORDERED--Lima, 19 Jan (AFP)--Navy Minister Vice Adm Mario Castro announced here today that the Peruvian navy has purchased a destroyer from the Netherlands to replace the destroyer Galvez. He also noted that the navy had also ordered three corvettes equipped with missiles and a few submarines from the FRG. [PY202100 Paris AFP in Spanish 2241 GMT 19 Jan 81]

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